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One Victory, Anda Setback. For Europe's Heavyweights

Seoul Gives Nod to TGV. But Airbus Trails U.S. On Saudi Order for Jets

European industry won one—and apparently lost one—Friday as a French British consortium was chosen by South Korea for its high-speed trains, while Airbus Industrie looked likely to be beaten out by two U.S.

Seoul officials said they now favored the latest, \$2.4 billion hid by GEC-Alsthom.on; a deal to provide 46 high-speed TGV trains capable of carrying 1,000 passengers each, signaling equipment and electrical lines.

It will be the first time that the TGV, the French acronym for high-speed train, has been exported from Propose.

exported from Europe.

GEC-Alsthom's main competitor for the South Korean project, which calls for a 410-kilometer (250-mile) link between the capital and the southern port of Pusan by the year 2001, was Siemens AG of Germany, which builds the Inter-City Express. A Japanese consortium headed by Mitsubishi Heavy Industries 1td was eliminated in June Ltd. was eliminated in June.

Cost-cutting played the pivotal role in secur-ing the deal, and GEC-Alsthom said it had slashed its prices and revamped the trains to

In Paris, the company's chief executive, Pierre Bilger, said that the deal, which "went to the extreme limit of our capabilities concerning financial sacrifices," would put the consortium "in a position to seeme our profit in the future." It was the company's largest single order. The deal is expected to be made final and signed

Siemens officials were not immediately available for comment. But the Economics Mi in Bonn expressed regret at the South Korean choice, "particularly since German industry is in the variguard of technology."

The ministry added, however, that Germany "would wait to see how the negotiations get on between the French and the South Korean

A statement by the Germany Embassy in Seoul said. The tederal government is still convinced that the German ICE system represents the most modern technology and that the German consortium has atheretical a very coun-pentive offer.

Rail-industry sources said that if the Se-mens-led consortium were to win strything durdeal, it might be some of the electrification of the rail line to Pusan.

But if European business looked set for a roll. the Americans blocked the way as President Bill Clinton put the force of the presidency into obbying King Fahd of Sandi Arabia to buy up

to 60 passenger jets from Boeing Co. and Mc-Donnell Douglas Corp. Mr. Clinton told the king in a letter and in a. telephone conversation from Arkansas on luesday that the U.S.-built jets were technologically excellent and that the deal was "important to the United States and to him" per-sonally, a source said.

King Fahd reportedly replied to Mr. Clinton's request by saying: "We are certainly going to buy American. We are grateful for what the United States did in the Gulf War and we like doing business with you."

Mr. Clinton's call followed months of intense efforts lobbying by administration officials to See DEALS, Page 13

For Soviet Plotters, a Special Limbo

Still No Trial 2 Years Later

By Margaret Shapiro

Washington Pant Service

MOSCOW — One spends most of his time writing poetry and memoirs. Another has joined the ranks of Russia's fiedgling businessmen. Many of them are living quietly on pensions. And a few are trying to resurrect

pensons. And a few are trying to resurrect the Communist Party.

Once occupants of the highest and most privileged government posts in the Soviet Union, these are the men who led the August 1991 coup attempt to bring back hard-line Communist rule. Two years lazer, the 12 are still awaiting a trial for treason in a turbinent community that now creak reason in a turbinent

country that now rarely pays them any mind.

The coup attempt against the Soviet leader
Mikhail S. Gorbachev lasted three days, from Aug. 19 to 21, and fizzled in the face of mined street protests and the coup plotters' own bungling. Within days, the coup's initiators, occupants of the highest and most privileged posts in the Soviet Union, were nder arrest in Moscow's Mairosskaya Tishina prison, where they remained, getting balder and thinner, until this winter. Today these ministers, generals and Communist Party Central Committee members have returned to the same comfortable apartment buildings for the Soviet elite that they previously occupied.

But in most other ways their lives have changed profoundly. They lost their country homes, their himousines, their hangers-on, their rights to well-stocked stores. They must spend their days preparing for trial, which was recently rescheduled for Sept. 7. They are forbidden to travel outside Moscow. The superpower they said they wanted to save is

And the man who headed the list of those to be arrested. Boris N. Yeltsin, is now the supreme commander of their country. "Life is about changing situations," said Gleg Baklanov, a member of the so-called Emergency Committee that on August 19,

See COUP, Page 5



Villag Konstance Rester Pro-Communist demonstrators shouting for President Boris N. Yeltsin to resign at a rally Friday of the hard-line National Salvation Front near parliament in Moscow.

Muslims Again Balk As Geneva Talks End

Serbs and Croats Back Peace Plan With Aug. 30 Deadline for Replies

By Alan Riding

GENEVA - Striving to negotiate an end to the war in Bosnia-Herzegovina before winter sets in, international mediators presented a draft peace accord to Bosnian Muslim. Serbian and Creatian leaders on Friday and gave them

10 days in which to accept or reject it.

Serbia's president, Slobodan Milosevic, and
Creatian's president, Franjo Tudjman, who
joined the peace talks Thursday, immediately backed the plan. Leaders of Serbs and Croats in Bosnia said they had reservations about it, although they indicated they were also willing

The Bosnian Muslim delegation headed by President Alija Izetbegovic said Friday night, "We are not satisfied with what we have been offered." He complained that, under the draft agreement, "the Serbs will not give up ethnical-ity cleansed territories which were taken by

But the Muslim statement was not interpreted by United Nations officials here as outright rejection of the plan. Mr. Izetbegovic said he would now return to the besieged Bosnian capital, Sarajevo, and present the proposal to the

Bosnian parliament.
If signed when the parties meet here again Aug. 30, the agreement will then be sent to the United Nations. If the Security Council approves it. it will go into effect seven days after its signature. Specialists estimate that a 40,000-strong international peacekeeping force will be needed to assure its implementation.

The draft embraces topics on which agree-ment has already been reached, notably that the country will be partitioned into three autonomous ethnic republics and that Sarajevo will be demilitarized and governed by the United Nations for two years until a permanent solution is

But the new element likely to cause most difficulties is a map defining the borders of the republics. The map not only requires Serbs and Croats to give up conquered territories, but it also asks the Muslims to accept the loss of land where they were in a majority before the war

According to the plan, the Muslims who now hold only about 10 percent of Bosnia-Herzegovina will be given around 30 percent, while Serbs who control 70 percent will retain close to 53 percent. The Croats, who now occupy 20 percent, will end up with slightly over 17 percent for their republic.

The mediators, Lord Owen representing the European Community and Thorvald Stoltenberg of the United Nations, also proposed a

Mediators ask the EC to administer Mostar as part of any Bosnia peace agreement. Page 5.

Sarajevo-like solution for the central Bosnian city of Mostar, currently the scene of fierce fighting between Muslims and Croats. In this case, though, they asked the European Community to assume responsibility for running the city for two years.

On Friday night, Lord Owen conceded that the draft agreement "is not as generous as I would have liked" to the Muslims and he said he was disappointed that they were given more territory in their northwestern enclave of Bihac and in eastern Bosnia, where Serb forces drove Muslims from many towns early in the war.

But he stressed that, as he and Mr. Stoltenberg had insisted, the Muslims had been given "at least 30 percent" of the land and will control the town and port of Breko on the Sava River to the northeast. In eastern Bosnia, they have also gained more land around Gorazde and in the Srebrenica-Zepa enclave than originally offered by the Serbs.

Under the Serbian plan, Goradze and the Srebrenica-Zepa enclave would have been linked to the rest of the Muslim republic only through highways. But the draft agreement attaches Goradze to the Muslim republic and gives the Muslims control over a highway running from the Srebrenica-Zepa enclave to Gor-

cthe

"This is not ideal," the British mediator went on. "If anyone sits down and looks at it in a pure sense, there'll be deficiencies. But we're dealing with the aftermath of 17 months of bloody war." And he added: "We went through the options facing Mr. Izetbegovic and made clear to him that it is his country, his people, his choice. I leave it to him to describe his position and how he intends to handle it."

After the talks ended tonight, Mr. I vic merely waved at waiting reporters, but his delegation's statement repeated his recent calls for an immediate lifting of the seige of Sarajevo and an end to Croat attacks on some 35,000 Muslims in Mostar. "Innocent civilians in our country cannot continue to be held hostage to a political solution," it said.

Under a proposed time table for immediate action, once the peace accord has gone into effect, a full cease-fire should be respected and all military positions be identified within one week. During the next three weeks, the withdrawal of heavy weapons and the confinement to barracks of infantry should begin. And, within two months, demobilization of troops should start.

But apart from administering Sarajevo, the United Nations will also serve as a political arbiter in Bosnia for at least two years, not only monitoring elections all three ethnic republics. but also supervising the formation of local civilian police forces and insuring respect for

The Other Side of the Coin: Speculators Help EC

By Erik Ipsen

LONDON - European officials who have railed against currency states; and the damage they have done to the dream of Thropean anion, also have reason to thank them. "All the talk in the last year has been about the European Michael Burke, a foreign exchange expert at Citibank in London. It has moved the furthest in the last year.

Nowhere has that move been greater than against the European currencies. In the last 12 months, the Deutsche mark has quietly shed a third of its value against the yen, compared with \$42 billion trade surplus with the Community last year.

a fall of roughly 25 percent for the dollar. Some of Europe's weaker currencies, such as the lira and the pound, have mean-walte nearly halved their value against the yen.

Nowhere does the gain in competitiveness from as a more welcome sight than in Europe's moribund auto market. There sales are running 18 percent below last year's levels.

The is a good thing, said and Sandelly an economist at Banque Brussels Lambert in Brussels. Economists point out Japanese car lines into loss, said John Lawson, an auto analyst pricing advantage both in Europe and overseas.

It may also serve to lessen trade tensions between the European Community and Tokyo. Although less than 5 per-cent of EC imports come from Japan, a figure which pales almost to insignificance versus the huge volume of intra- Japanese automakers bear a huge exposure to the vicissitudes Community trade, it was enough to allow Japan to post a huge

sales are running 18 percent below last year's levels.

that the yen's surge hands European manufacturers a big at DRI/McGraw Hill in London. In spite of a steep, 11 percent been among the most profitable markets for the Japanese.

With European sales last year of 1.6 million cars and with only 180,000 of them produced at plants within the EC,

See EUROPE, Page 13

U.S. Action on Yen Seen as Support for Tokyo, Too

By Steven Brull

TOKYO - Japan welcomed on Friday the U.S. action to reverse the yea's rapid climb, but many think relief will be

Government officials repeatedly denied any connection between Thursday's massive currency intervention by the Federal Reserve Board of the United States and a Japanese pledge earlier the same day to promote deregulation and expand its economy. Various rumors come and go in financial markets but there was no such talk between us, "Jiro Saito, the deputy support until Japan's 2-week-old government showed its inten-adopt more expansionary policies and deregulate its economy. tion to recharge the economy and trim its trade surplus.

"They've been testing the attitude of the new government," said Mikio Wakatsuki, a former deputy governor of the Bank of Japan who now heads the Japan Research Institute. "They needed an excuse and evidence the Japanese side was doing its own bit."

Washington has been talking up the yea since February to narrow the two nations' gaping trade imbalance. A stronger year makes Japanese products more expensive overseas and foreign products cheaper in Japan. Some analysts say the United States

But the evidence suggests the Fed had been holding back its also has used the strong yen as a battering ram to force Japan to Nonetheless, while the U.S. policy appeared to be bearing fruit, Japanese say the Federal Reserve had become genuinely concerned that the strong yen could seriously damage the Japanese economy. Still, the Treasury couldn't give the goahead for intervention until the political groundwork was laid,

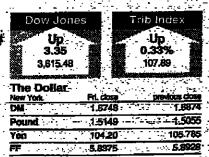
> In addition to more accommodating policies from the coalition government, Japanese said the Fed's intervention reflected See YEN, Page 10

Nigerian Unions Threaten General

LAGOS (Reuters) — Nigerian trade unions, throwing their economic muscle behind a campaign for civilian role, have told their 3.5 million members to strike if General Ibrahim Babangida breaks a promise to

Moshood K.O. Abiola, widely believed to have won the scrapped June election; said in Paris on Friday that he would support the imposition of international sanctions if the military blocked him from office.

The Nigeria Labor Congress, a federation of the 42 main unions, said General Baban-



gida should respect the constitution and hand over power to the Senate president,

Nigeria's biggest oil workers union, the National Union of Petroleum and Gas Mr. Abiola is not swom in on Friday.

A successful oil strike would cripple the oil industry, which provides most of Nige-

ria's hard currency. Canada, which backs Mr. Abiola joined the international campaign against General Babangida, suspending some programs

noral Nowe nator Bob Dole takes a political vacation, with an eye on 1996. Business/Finance Is Wall Street working its way up to a major

Switzerland plans tough measures to cut its



UP AND OVER - Dan O'Brien of the U.S. clearing the bar in the pole vault on his

way to victory in the decathlon at the World Athletics Championships. Page 17.

A 300-Year Drought Doomed World's First Empire

shakeout?

By Boyce Rensberger on Post Service

WASHINGTON - The long-mysterious collapse in 2200 B.C. of the Akkadian empire, the first imperial regime the world had ever known, appears to have been brought on by the abrupt onset of a severe drought that lasted 300 years.

The archaeologists and geologists who make this claim in Friday's issue of the journal Science say that they have solid evidence of such a climatic shift in the Akkadian heartland of Mesopotamia and that it followed a volcanic emption that blanketed the region with a thin layer of ash.

The researchers also say the timing of the drought coincides with a hypothetical period of dry climate that has been blamed

for breakdowns in other early civilizations, in Egypt, Palestine, Greece and the Indus Valley.

There has been a lot of speculation about a drought wreak-

not in Mesopotamia — we had a gap in the data there — and there was no hard evidence from anywhere," said Harvey Weiss, a Yale University archaeologist who led the American-French expedition that turned up the new findings. "Now we've got direct evidence, no inferences."

Page 9

The scientists found their clues by digging in the ruins of an ancient city between the Tigris and Euphrates rivers in what is

Marie-Agries Courty, a French geologist working with Mr. Weiss, found the evidence that explains the empire's collapse. Miss Courty, who is with the Centre National de Recherche Scientifique in Paris, used a microscope to examine sediment lying on house roofs of the time and found a thick layer of volcanic ash. In the surrounding countryside, Miss Courty

ing havoc throughout the ancient world around that time, but found a deep layer of wind-blown sand lying over the ash layer, measuring up to three feet thick in some places.

"That," Mr. Weiss said, "tells you the climate went from good to rotten in a very short time - in the tens of years, I'd

when rainfall is good, rich soils develop and can be recognized thousands of years later, if only by the earthworm tracks, Deposits laid down during periods of drought are sandy and often have been wind-sorted into lavers according to particle

At the time the ash fell and the sandy layers formed at Tell Leilan, life in the city stopped. For the next 300 years there was no further occupation of the site. Many other Mesopotamian cities emptied out at the same time. Many of the people, presumably, headed south, toward Sumerian cities whose irrigated fields could still yield crops.

Demjanjuk Foes Win Time To Make Case for 2d Trial

By Clyde Haberman

New York Times Service
JERUSALEM — Israel's chief justice
blocked John Demjanjuk's deportation Friday and gave groups pressing for new war-crimes charges here two more weeks to make their case for a second trial of the man who was acquitted on appeal of being the Nazi death-camp guard known as "Ivan the Terrible."

The chief justice, Meir Shamgar, gave no clue as to whether he thought a new trial was war-ranted, based on evidence that even if Mr. Demjanjuk was not the monstrous "Ivan," operator of the gas chamber at the Treblinka camp, he may have served as a guard at Sobibor, another Nazi extermination camp in Po-

Basically, the delay ordered on Friday was procedural. The petitioners seeking to keep Mr. Demjanjuk from going free — a diverse collection of Nazi-hunters, Holocaust survivors and Jewish organizations - have until Sept. 2 to explain why a special panel of five Supreme Court justices should be formed to hear their arguments for pursuing Sobibor-related crimi-

Even the petitioners acknowledged that they had little chance of both obtaining such a panel and then persuading it to order a new trial. Working strongly against them is the fact that, in the last three weeks, two separate sets of Supreme Court justices and the attorney general's office have all opposed another trial.

The likelihood of a new judge overruling them at this point is slender, the petitioners say. Nonetheless, the outcome is not certain, and Justice Shamgar's action raised the specter of repeated procedural delays that could keep Mr. Demianiuk in an Israeli prison cell for many

Both his family and the Israelis pursuing a new trial said that the high court apparently was going out of its way to let Holocaust survivors exhaust all legal avenues, given the powerful emotions and historical imperatives

"The bottom line is that would be unthink-

able for the court in the state of Israel not to give us one more shot," said Efraim Zuroff, Israel director of the Simon Wiesenthal Center.

It is not inconceivable that a combination of procedural rulings and a succession of Jewish holidays that begin in mid-September could keep Mr. Demjanjuk, 73, here well into October even if the courts ultimately rule in his favor. As in other recent hearings, he was not in the

courtroom on Friday. But relatives were. They reacted to the latest delay in subdued fashion. "Israel is a country that rose out of the ashes of the Holocaust," said Edward Nishnic, Mr. Demjanjuk's son-in-law. "There is no question that the crimes of 'Ivan the Terrible' and other

alleged crimes of Nazi war criminal should be considered very seriously in this country." But Mr. Demjanjuk's Israeli lawyer, Yoram Sheftel, spoke vigorously in court against further postponements.

He noted that his Ukranian-born client, extradited from the United States six years ago on charges that he was "Ivan" and found guilty in 1988, had had his conviction overturned on the basis of reasonable doubt by a five-judge panel led by Justice Shamgar. Sobibor was not part of the original charges, Mr. Sheftel said.

"There is no precedent in the State of Israel where five judges on the Supreme Court have acquitted a person and he is still sitting in prison three weeks later," he said.

Following the ruling, lawyers for the peti-tioners said they had been handed an opportu-nity to marshal new arguments for Sobiborbased charges. Others said they were glad just have kept Mr. Demjanjuk from getting on a

"I'm happy for every day that Demjanjuk is suffering," said Noam Federman, a petitioner and a member of the extreme-rightist Kach movement, which has threatened to kill Mr.

Demjanjuk if he is freed. The court session on Friday fell well short of drawing a full house, suggesting that many israetis are tired of a case that has dragged on

See HELD, Page 4

By William J. Broad New York Times Service

WASHINGTON - For the first time, scientists have closely monitored the explosive fury of a deepsea volcanic eruption, thanks to a supersecret system of underwater listening devices that the navy has begun to share with civilians.

This technology is opening a whole new window into a dark ocean," said Dr. Stephen R. Hammond, head of the National Oceanic and Atmospheric Administration program that made the observations, at a news conference.

More than 80 percent of the Earth's volcanic eruptions are thought to occur in the oceans. Occasionally, ocean scientists have stumbled on such geological events already under way, for instance while mapping the ocean floor. But never before has a deep outburst been detected, pinpointed and observed so intimately

in its early stages, the scientists said.

Such studies, they added, will ultimately help explain how the oceans are warmed by the Earth's fiery interior and to what extent mankind is tipping the planet's environmental heat balance.

The eruption occurred off the coast of Oregon in

late June. The quiescent sea floor a mile and a half down came to life in a volcanic furor accompanied by swarms of sea quakes, opening a gash at least 4 miles long. The volcanic crack spewed hot water at one end and molten lava at the other. The agency's scientists monitored the cruption with

the navy's top-secret fistening devices and then rushed ships and observation gear to the site, which lies about 270 miles off the Oregon coast. A two-ton undersea robot, linked to the surface by a long tether, was lowered so that it could wander over the field of hotwater plumes and glassy lava, taking movies and

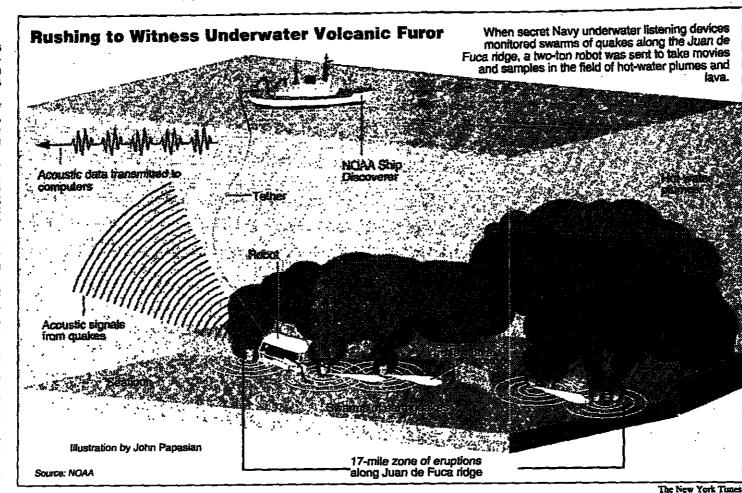
samples.

The scientists showed a videotape taken by the robot, which was equipped with powerful lights and

The inky darkness was illuminated to reveal great mounds of gnaried lava as well as a white "snow" of debris raining down through the water and accumulating in lava cracks and hollows. The scientists believe the snow may be deep-sea bacteria that live in the

"Twe been going to sea for 25 years and I'd never seen anything like this," said Dr. Robert W. Embley, a scientist with the National Oceanic and Atmospheric

The navy system on which the scientists relied is known as the Underwater Sound Surveillance System. or SOSUS, which for decades has been used exclusively to track the ships and submarines of potential enemies. Started in the 1950s, it now girds the globe



with a vast network of underwater microphones that are fied to navy shore stations by some 30,000 miles of undersea cables. The system is estimated to have cost

المكذا من الأصل

In its espionage work, the navy filters out the sounds that geologists find most interesting — the super-low-frequency vibrations made by sea quakes and undersea volcanoes. At 1 to 50 hertz, or cycles per second, these lie far below the range of human hearing and are far removed from the higher-frequency noises made by most ships and submarines.

Scientists at the Hydrothermal Vents Program in Newport, Oregon, which is part of the oceanic agency, approached the navy about examining such low-fre-quency signals and were allowed to do so for the first time in 1991. That data was stored on magnetic tapes and examined later. The system's sensitivity was such that agency researchers in 1992 detected more than 7.500 seismic events in the Pacific Northwest, most of them in the ocean. In contrast, geologists using landbased instruments during that same period detected

Starting on June 22, the agency's scientists began getting the data piped directly over a telephone line to the Pacific Marine Environmental Laboratory in Newport, so that they could monitor undersea events as they happened.

"I honestly expected to spend months or years looking for an eruption," said Dr. Christopher G. Fox, one of the scientists who set up the system. "It only took four days. But it also may illustrate how active those systems are out there."

U.S. Senator, in Hanoi, Sees Vietnam Trade Barrier Ending

HANOI - A U.S. senator said here Friday that President Bill Clinton was on the verge of lifting the American economic embargo against Vietnam.

"I believe that the embargo will be listed sometime between the middle of September and the end of the year," Senator Charles S. Robb, Democrat of Virginia, told reporters after talks with Prime Minister Vo Van Kiet on the issues

Mr. Robb, chairman of the Senate subcommittee on East Asian and Pacific affairs, was the first forecast a time frame for an end to the embargo.

Vietnam, developing its Communist economy along market lines, is eager for the ban on trade and economic relations to be lifted. and U.S. companies want to do

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PARIS and SUBURBS

HOPE INTERNATIONAL CHURCH (Evan-galica) Sun. 930 a.m. Hotel Orion, Metro 1; Esplaneda de La Défensa. Tel: 47.73.53.54 or 47.73.14.27.

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ZURICH - ENGLISH-SPEAKING CATHOLIC MISSION, beated at St. Amon Church, Miner-vastrasse 63, near Kreutoplatz. Sunday Mass at 11:15 a.m. Tel.: 01-382-08-08.

ST. PALL INTERNATIONAL LUTHERAN CHURCH, near idabashi Sin. Tel.: 3251-3740. Worship Service: 9:30 a.m. Sundays.

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rayer, 3 Rue de Monthoux, 1201 Geneva, 5 afend, Tal.: 41/22 735 63 01.

MUNICH

sure to maintain the sanctions. both from conservative Americans and from groups representing Viet-nam War veterans and families of U.S. servicemen listed as missing in

Mr. Robb said all leaders of the Association of South East Asian Nations to whom he had talked. and business interests in the region. wanted to "move forward" on the

But because Vietnam aroused strong emotions among veterans. MIA families and Americans of Vietnamese origin, Mr. Clinton would need "additional support." he said, "to make certain that the American people accept this

Mr. Robb said that barring unforeseen events, the embargo would be lifted "sometime between Sept. 14 and the end of the year.

ROME

ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CAN-

FUROPEAN

BAPTIST CONVENTION

BARCELONA

INTERNATIONAL BAPTIST CHURCH WE

enterinational Baptist Church, BERLIN Roberburg Sr. 13, 12165 Berlin 41 (Stepliz). Bible study 10 45, worship at 1200 and 1900 each Sunday, Citaries A. Warland, Pastor, Tel: 030-774-4670. INTERNATIONAL BAPTIST CHURCH

BONN/KÖLN

THE INTERNATIONAL BAPTIST CHURCH OF BONNIKOUN, Rhenau Strasse 9, Kön. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel: (02236) 47021.

BREMEN

PITERNATIONAL BAPTIST CHURCH (English language) meets at Evangeish-Freikischlich Kreuzgemende, Hoher-lohestrasse Hernann-Bose-Str. (anound the comer from the Behnfol) sunday worship 17:00 Ernest D. Walker, pastor. Tel. 04731-12877.

BUCHAREST

INTERNATIONAL BAPTIST CHURCH,

Stada Popa Pusu 22, 3:00 p.m. Cortad Bill Richardson, Tel 010-91-81

BUDAPEST

main ereznos Tapolisanyi u. 7. mnociati; behnd ligni entance). 10:30 Bibli study. 6:20 pm. Pastor Ben Hatfield. Tel.: 1158759 8

BULGARIA

INTERNATIONAL BAPTIST CHURCH, Solla, Grand Narocho Soltone Square, Wor-ship 11:00. James Duke, Pastor. Tel: 704367.

CELLE/HANNOVER

INTERNATIONAL BAPTIST CHURCH, Fre-

densionine, Riemannstr. 15, Cele, SS 1246, Weishig 14:00, 30 mm Drive, 20 mm. By tran-from Hamnover, Walkung destance from Celle tran session. Pastor Caude Williamson Tel-100084-7515

DARMSTADT

DARMSTADT, EPERSTADT BAPTIST MIS-

SON. Bible study & Worship Sunday 10.30 a.m. Socknesson De-Exertaid, Executetr. 22, Bible study 9.30, worship 10.45. Pastor Jim Watib. Tel. 06155-6008216.

DÜSSELDORF

gish, s.s. 10:00, warship 11:05 Children's drunch and nursey. Meets of the assertational School, Leuchtenburger Kindhweg 2D-Ka-serswett, Friendly fellowship, All denomina-

tions welcome, Dr. W.J. Delay, Pastor.

ATIONAL BAPTIST CHURCH E

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CROSSROADS INTERNATIONAL CHUR.

CH interdenominational & Evergelical Sunday Service 10230 a.m. / Rote ly 10230 a.m. Rite l, 102

But Mr. Clinion is under pres-ire to maintain the sanctions.

The embargo was imposed on North Vietnam in 1964 and extended to the whole country in 1975.

In talks with Mr. Kiet and Viet-nam's foreign and interior minis-ters, Mr. Robb voiced disappointment at being prevented from seeing one of the country's most prominent imprisoned dissidents.

Nguyen Dan Que, whose brother lives in Virginia. But he said Interi-or Minister Bui Thien Ngo prom-ised to make sure that medicines he had brought from Mr. Que's brother were delivered to the dissident in

prison in Ho Chi Minh City. Mr. Que, 51, was sentenced to 20 years in prison in 1991 for "subver-

been incarcerated for 10 years for the embargo had been lifted, inolitical reasons. cluding establishment of diplomat-Mr. Robb was told before arrivic ties.

ing in Vietnam that he had an appointment to see Mr. Que on Thursday. But by the time he arrived, he said, it had been canceled. The senator said buman rights questions would influence developments in U.S.-Vietnamese ties after

He said he thought Vietnam had complied with one of the two conditions for lifting the embargo -withdrawing its troops from neigh-boring Cambodia — and was coop-erating in the U.S. effort to account

Günther van Well, West German Diplomat, Dies

States from 1984 to 1987, died Sat-Mr. van Well took charge of his country's embassy in Washington after three years as West German

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOW-

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Sodenessi. 11-18, 6380 Bad Homburg, pho-ne: 06134-23278 or 06196-643350 senving the Frankfurt and Taunus areas, Germany. Sunday worship 09:45, nursery + Sunday-school 10:00, women's circle - Priday 09:30. Housegroups - Sunday + Wednesday 19:30. Pastor M, Levey, member European Baptist Convention. "Declare His glory amongst the nature."

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Hans-Deter Fraund, cardon

RELIGIOUS SERVICES

German ambassador to the United can-German reconciliation.

just over a year after Mr. van urday in Bonn after a brief illness. Well took up his post, President Ronald Reagan and Chancellor Helmut Kohl met at a German military cemetery in Bitburg. It berepresentative at the United Na- came an embarrassment when it tions. His most trying moments in turned out that among the 2,000

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the United States arose from a ges- graves were those of 49 soldiers of Led Three Lives," died Monday in For the Record... organization.

> Many Jewish groups, veterans organizations and a majority of the House of Representatives protested, writing that the visit would have "the unintended effect of reopen-ing painful wounds in the United States," Mr. Reagan and Mr. Kohl nevertheless kept to their agenda for that May day in 1985, and it was largely left to Mr. van Well to calm the outery.

Later that month he became the first West German official to be invited to address B'nai B'rith Inremational, mostly because of Bitburg. He urged renewed efforts to build bridges between his country and American Jews. By all accounts his reception was cordial and his hosts considered the invitation a step toward that ead.

Herbert Philbrick, 78, Spied on Communists

CONCORD, New Hampshire (AP) — Herbert Philbrick, 78, who chronicled his years of spying on the Communist Party for the FBI in the best-selling autobiography "I

As a member of the New England chapter of the Communist Party, Mr. Philbrick fed the FBI information on the party's activities in the United States.

The name of his book was inspired by his separate, parallel lives as a family man working in advertising a spy and a Communist. It was turned into a popular syndic

Donald William Kerst, 81, builder of particle accelerators used in exploring the atomic nature of matter, died of a brain tumor Thursday in Madison. Wisconsin. He was a member of the physics department of the University of Wisconsin from 1962 until 1980.

René Dreyfus, 88, winner of the 1930 Grand Prix of Monaco and nder of Le Chanteclair restaurant in New York, died of an anenrysm of an aorta Monday in New York. He was was a champion in-

WORLD BRIEFS

Georgian Says He Killed American

TBILISI, Georgia (AP) — A 21-year-old Georgian soldier fired the shot that killed a U.S. diplomat outside Tbilisi early this month because the American's car did not stop and pick him up, investigators said

Anzor Sharmaidze, a fighter in the war in the Abkhazian republic, confessed to firing a single shot at the back of the car on Ang. 8, Deputy Prosecutor-General Vakinang Varamia said.

Fred Woodruff, 45, who was riding in the backseat, was hit in the bead

and killed U.S. newspapers have reported that Mr. Woodruff was actually a CIA agent in charge of training bodygnards for the Georgian leader, Eduard A. Shevardnadze.

Russia Suspends Lithuania Pullout

MOSCOW (Reuters) - Russia said on Friday that it had suspended a MOSCOW (Reuters) — Russia said on Friday that it had suspended a pullout of its last troops from Lithuania, demanding that Vilnius sign a formal agreement ending their 50-year presence in the Baltic republic. "The Russian side has decided to suspend the pullout, and it calls on the Lithuanian leadership to try and provide a legal basis for the withdrawal of Russian troops," the Russian Foreign Ministry said. Russia's decision to delay the withdrawal was first reported by Lithuanian officials earlier this week. It throws a question mark over agreements to complete the pullouf by Aug. 31.

Vatican Welcomes China's Overture

VATICAN CITY (Renters) — The Vatican on Friday welcomed China's willingness to normalize relations and confirmed that there were indirect contacts between the world's largest and smallest states.

The Vatican statement came 24 hours after the official Chinese press agency, Xinhua, quoted a Foreign Ministry spokesman as saying Beijing was willing to improve links with the Holy See, which have long been blocked by a feud over the Catholic Church in China. But the spokesman said relations could improve as long as the Vatican cut its diplomatic ties with Taiwan and refrained from interfering in China's internal affairs.

Albania Arrests 7 Top Communists

TIRANA, Albania (AP) — The police have arrested seven more senior Communists in a widening investigation into allegations of abuse of power before and after free elections that ended one of Europe's most oppressive Stalinist regimes.

The former Communist president, Ramiz Alia, 68, who has been under

house arrest for nearly a year on charges of abuse of power, was taken to prison Thursday, his son-in-law said. Two other former leading Communists, Prokop Murra and Foto Cami, were also moved from house arrest to prison, state television reported. Four other members of the former Politburo, the Communist Party's chief decision-making body, were also arrested, according to the statement.

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Nicaraguan Hostages Reported Safe

MANAGUA (NYT) — Thirty-seven legislators, government officials and military officers taken hostage by a group of former contras were reported in good health and safe by representatives of the Organization of American States on Friday.

The hostages, seized Thursday, included three members of the National Assembly. They had gone to the rural village of Quilali, near the Honduran border, to negotiate with former contras who have taken up arms again to demand changes in government policies.

The government of Violeta Barrios de Chamorro had threatened to use, force to disarm the contras if they did not accept an annesty and turn in

their weapons by the end of the month. Two Latin American diplomats here say they believe the hostages were taken as a way of ensuring that the army did not move against the former contras after the deadline.

Japanese Student Shot in California

SAN FRANCISCO (Reuters) — A Japanese exchange student was found with a gunshot wound in the head Friday, less than a year after the killing of an exchange student in Louisiana provoked outrage in Japan.

Masakazu Kuriyama, 25, who was living with a family in the San Francisco suburb of Concord, was in critical condition after being found near a railroad station. The police said robbery may have been a motive.

In October, a Louisiana man shot and killed a Japanese exchange student who had knocked on the wrong door when looking for a Halloween party. The gunman was acquitted of manslaughter charges.

The death toll from the colleges of the Royal Pisza Hotel in Thailand last week rose to 123 Friday with the recovery of two more bodies from the rubble, said an official in the northeastern city of Nakhon Ratchasima, also known as Korat. An American, a Briton and three Swedes are included in the toll.

TRAVEL UPDATE

A Belgian tourist has died of diphtheria in Rus is becoming the first Western visitor to die of the disease there. Health officials have reported outbreaks of diphtheria and other infectious diseases as sanitary conditions deteriorate due to the worsening economy.

German travel agents planned Frieny to artifit home almost 4,000 German tourists stranded in the United States because of the financial difficulties of their cut-price tour operator. The tourists' carrier, American Trans Air Charter, has refused to fly them out of San Francisco, Los Angeles and Fort Lauderdale, Florida, until the operator, Marlo Reisen, pays its debts.

A forest fire in northern Spain forced the evacuation of an inn occupied by travelers on route to the traditional pilgrimage site of Santiago. No

British Airways will begin weekly service from London to Santiago, Chile, on Oct. 28, the airline said. (AP)

The hunting season in Greece has been postponed by a court because of a lawsuit by an environmental group. The season, which had been due to start Friday, has been postponed at least mind Dec. 8. (AP)

AMERICAN

TOPICS

Michigan Drops Property Tax As Source of School Funding

Governor John Engler of Michigan, a Republican, has signed legislation that will elimmate local property taxes as a source of funds next year for public schools. a radical step that advocates hope will lead to a restructur-

ing of the school system. How to replace some or all of the \$6 billion a year in lost revenues - two-thirds of the money spent for elementary and secondary education in the state - is the most pressing task facing legislators in Lansing in coming

The strongest opposition to the governor's plans is expected to come from teachers' unions. A few minutes after Mr. Engler signed the bill, the Michigan Federation of Teachers filed suit to force the legislature to adopt a new linancing mechanism immedi-

Local revenues, mostly property taxes, account for about half the money spent on public schools in the United States, with the rest coming from the federal and state gov-

Mr. Engler has not proposed a way to close

new financing formula should include an increase in the state's 4 percent sales tax. That would require voter approval in a statewide

the \$6 billion gap, but he has suggested that a

Short Takes

Hash rap-music lyrics written and per-formed by blacks are coming under attack from other blacks. The New York Times reports. "People are outraged," said the Rev-erend Calvin O. Butts 3d, pastor of the Abys-sinian Baptist Church in New York's Harlem, who is crossding against hard-core rap. "You are constantly hearing, over and over, talk about mugging people, killing women, beating women, sexual behavior. When young people see this — 14, 15, 16 years of age — they think this is acceptable behavior." Other black clergymen in Dallas, Los Angeles and Detroit also challenge lyrics that they say are black playwright and screenwriter, counters that rap is attractive to young people because "it is anti-establishment, anti-authoritarian and it is rebellious."

Though a wildlife rables epidemic has spread along the East Coast of the United States for the past seven years, officials of the U.S. Agriculture Department say it may be another six months before it can approve bait impregnated with vaccine, which has been widely effective in Europe. Some conservation groups have misgivings about distribut-ing a live virus over fields and forests. State and local officials have been slow to approve pilot studies. But pressure for approval has stepped up since the death of a 7-year-old girl in New York state, the first rabies fatality there in 40 years.

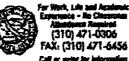
The British Tea Council has awarded the 1993 Inflight Best Cop of Tea Award, also known as the "cuppa prize," to none other than American Airlines. Dallas-based American beat out Iberia and two British carriers, Air UK and British Midland, for the award. It is bestowed for the quality of tea served in business or first class where the tea is brewed and served from a teapor. (In economy class, tea bags are dunked without ceremony into paper cups filled with hot water.) The tea was tested for taste, temperature and appearance.

The Washington Post columns Bob Levey is leading a crusade against bank checks printed against multicolored backgrounds of scenery, monuments, comic-strip characters, birds and fishes. "Once upon a time," he writes, "you'd get plain black type upon plainwhite paper, or dark blue upon light blue or (for the truly adventurous) black upon light tan. But that was it. No figurines. No filigrees. No festooning. Now it's 1993, and checks have gone stark raving mad."

Arthur Highee

of the Palestinian delegation to

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PLO, Amid Crisis, Loses a Senior Leader Readers ther details. "I am going to give all my time to my intellectual work,"

estine Liberation Organization's said Mr. Darwish, a poet, executive committee, Mahmud Palestinian sources said its leadership. Palestinian sources he did not want to be associated

with a possible accord with Israel ited withdrawal from the Middle East talks threatened bris-

The PLO chairman, Yasser Arafat, asked Mr. Darwish to withdraw his resignation but Mr. Darwish declined during a meeting Palestinian sources said he re-Darwish, has resigned, reflecting a signed in protest against the PLO's Monday at PLO headquarters here, political and financial crisis within financial management and because. The move followed a crisis early The move followed a crisis estimates er this month when three me

Mr. Darwish confirmed that he on a lin had quit but declined to give fur- occupied territories.

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Perot's New Chart Falls to Fill in the Blanks

WASHINGTON - Ross Perol, challenged to produce specifics on his economic plan for the U.S. government, displayed a new chart but little new information on either the broad program cuts he has proposed or how he would make up for a more than \$400 billion shortfall caused by changed economic projections.

Mr. Perot has asserted that his economic program could balance the budget in five years. But his budget figures, according to his former economic director, John White, and other analysts, are off by more than \$400 billion because of an out-of-date economic baseline. Also, his plan lists huge amounts of unspecified spending cuts, including \$14) billion in savings in Medicare and Medicaid.

Mr. Perot, an independent candidate for president in 1992, made a 2½-hour appearance on C-SPAN Thursday night. In it, he offered a chart on savings in Medicare, which provides health insurance for elderly and disabled Americans, and Medicaid, which provides health care for the poor. It listed all the categories of payments under those programs and the aggregate amount to be saved in each, but it

did not specify how those savings would be achieved.

The budget discussion was a minor element of a program in which Mr. Perot's newest interest, defeating the North American Free Trade Agreement, drew his strongest effort. He said the accord would "destroy the American job base" and threatened to use his United We Stand America organization and his popularity to defeat it and those members of Congress who support it.

Finale of Iran-Contra Inquiry May Be Bruising

WASHINGTON - The end game of the Iran-contra investigation is proving as contentious as the six years preceding it, as lawyers for officials from the Reagan and Bush administrations prepare to fight the conclusions of the still-secret final report on the affair.

At stake are the reputations of some of the highest officials who served under Presidents Ronald Reagan and George Bush, including some who were not charged with crimes but whose activities in the arms-for-hostages scandal may be dealt with harshly in the report by the special prosecutor in the case, Lawrence E. Walsh.

The report is expected to charge that officials at the highest level ngaged in a conspiracy to deceive the public. It will also stand as Mr. Walsh's code on the tangled affair, his opportunity to define, in his own terms, the culpability of some officials in a scandal that many Republicans long ago dismissed as an attempt to transform a political dispute over the Nicaraguan rebels, or contras, into a far-

As a result, there is serious discussion in Washington legal circles suggesting that lawyers for some senior Reagan and Bush officials may mount a last legal battle to suppress the report. The battle would almost certainly be waged in secret because of a court order barring lawyers or their clients from discussing the matter.

The complaints about the report have emerged in the last two weeks, after a special three-member panel of appeals court judges, who supervise independent prosecutors, invited a number of people named in the report to review selected portions of it. The report was filed under seal by Mr. Walsh on Aug. 5.

Industry Study Sees \$42 Billion Health Plan

WASHINGTON — The net cost to the U.S. government of providing health insurance to the nation's 35 million uninsured der President Bill Clinton's forthcoming health proposal would be \$42.7 billion a year if the plan were fully carried out right away, according to a study by the consulting firm Lewin-VHI.

The study was commissioned by the Healthcare Leadership Council, which consists of insurance companies, small businesses, hospitals and other health-provider groups. The council strongly opposes Mr. Clinton's announced intention to require employers to provide health coverage for their workers.

The findings of the study were challenged sharply by the White House. "The people who paid for this study are the people who are profiting from the status quo," said Robert O. Boorstin, health

nan for the White House "No wonder they reach conclusions that taken together add up to one big scare tactic," Mr. Boorstin said. "The fact is that Lewin-VHI is an extremely reputable company that is trafficking in ridiculous assumptions and drawing conclusions about a program that hasn't

Quote / Unquote

President Bill Clinton, vacationing on Martha's Vineyard: "If you're rested and happy and upbeat, you'll also do a better job for

One Siamese Twin **Survives Operation**

· PHILADELPHIA — Surgeons separated 7-week-old Siamese twins Friday in an operation that saved the life of one of the girls but

left her sister dead.

Dr. James O'Neill of Children's Hospital of Philadelphia said the heart and liver the twins shared had been successfully connected to Angela Lakeberg. Deprived of a heart, her sister, Amy, died on the operat-

Before the operation, the parents Faid good-bye to Amy, who was expected to die, and made imprints of the twins' hands, according to Georgia Welsh, the sister of the mother, Reitha Lakeberg.

"Unfortunately there was only enough substance for Angela in terms of the amount of heart tissue," Dr. O'Neill said at a press conference. "Amy did not have enough heart tissue in order to pro-

"Angela is stable, comfortable, and we hope that will continue to be the case." he said. "Obviously, we're sad that Amy could not be a part of continuing with her sister. That's the difficult part for us and her family."

The operation was the fourth on ajoined twins with shared hearts at the hospital. The longest survivor, separated in 1977, died of liver failure after three months.

A team of 18 doctors participated in an operation that began shortly after 8 A.M. and lasted 5 ½ hours, considerably less time than the anticipated 10 hours.

Before the decision to operate was made, the twins underwent tests to see if their six-chambered heart could be rebuilt to serve one child. A normal heart has four chambers. Without surgery, doctors said, both girls would have died within weeks. With it, one twin has about a 1 percent chance of survival.

The twins were born June 29 at Loyola University Medical Center in Chicago, where doctors opposed separation. Kenneth and Reitha Lakeberg brought their daughters to Philadelphia on Tuesday.

The parents were in seclusion at the hospital. Today it hit them. They're not as strong as people think they are," Mrs. Welsh said. "They took it really hard caday. They kissed them and they hugged them, and then they said goodbye.

Mrs. Welsh sat outside the hospital, chain-smoking cigarettes, crying occasionally and talking about

her nieces. "We wished the very best to Amy," she said. "We know God's with her." (UPI, Renters, AP)

Away From Politics

 The trust fund set up to repair Alaska's coastline after the Exxon Valdez oil spill has spent most of its money on administrative costs, legal and travel expenses, and reimbursement of the government and Exxon Corp., an Associated Press review has found.

• Dale Lick resigned as president of Florida State University in Tallahassee a month after he withdrew as a finalist to head Michigan State University amid a controversy over remarks he made about black athletes. When Florida State regents learned he had applied for the job at Michigan State, they forced him out. The remark that cost him the Michigan post was: "The muscle structure of the black athlete typically is more suited for certain positions in football and basketball."

 An FBI agent pleaded guilty to two felonies, admitting be bilked the bureau of almost \$18,000 and improperly pressed his estranged wife, also an FBI agent, to recant critical testimony against him. Eugene A. Bennett entered the guilty pleas before U.S. District Judge Thomas Penfield Jackson to charges of obstruction of justice and making false monetary claims.

 A former laborer was executed by injection in Huntsville, Texas.
 for a \$30 robbery and abduction in which two men were shot and killed and their bodies hurled over a cliff. Carl Kelly, 34, went to his death after the U.S. Supreme Court rejected without dissent a late-

Dole's Gone Fishin'—for Votes in New Hampshire

By Ann Devroy

Wolfeboro, New Hampshire — "Doing any fishing?" a local man asks Bob Dole. "How's the

Mr. Dole, the Senate Republican leader who has coyly selected New Hampshire, his presidential heart-break state, for a one-week summer vacation, looks incredulous. Could anyone think fishing is what he's

been doing here?

After all, he has just returned from giving the Republican view of the world at the National Governors' Association conference in Tulsa, Oklahoma completed three network morning news interview shows, chatted through interviews with local New Hampshire newspapers, appeared on two television stations and eight radio stations that reach into the state, and addressed a sold-out Chamber of Commerce luncheon in Portsmouth.

"Ah, well, fishing," Mr. Dole says to the man. "Tm not really much on fishing." Nor, it seems, is the senator from Kansas much on anything remotely resembling a vacation from politics, either.

There is, to be sure, a vacation setting, including a rustic rented "cabin" nestled in isolation with a view of the White Mountains, Mr. Dole's wife, Elizabeth

ter from his first marriage. Mr. Dole, however, mostly

On one typical morning the Kansas senator on one typical morning the Aansas senator emerged as the sun came up, dressed in what could pass for vacation clothes — khakis, sneakers and a baseball cap. He wore them for his interviews on the three morning network news shows. But he soon switched to his more familiar blue suit and headed for Portsmouth and the Chamber of Commerce luncheon. The theme was bipartisanship with President Bill Clinton, but only if the results do not ruin the country.

Like two visits earlier this year, this week in New Hampshire is about Mr. Dole's continuing dream of the presidency, killed in the Republican primary here twice, in 1980 and more bitterly in 1988. Now, at age 70, he is at it again, telling audiences that he is "keeping my options open" for 1996.

Mr. Dole calls himself the "senior advance man" for the crowds of Republican contenders beginning to show up in the state.

He is just a touch defensive about the image of a campaign seven months after the new president has taken office, or about the obvious conclusion — all

record of Democrats showing up here only months after the 1989 inauguration of President George Bush, Mr. Dole says that, if anything, he has been restrained.

"If it happens and I'm in the race," he adds, "New Hampshire will be very important."

Mr. Dole enlists his audiences in the politics of this

vacation. When he told his Chamber of Commerce audience "how nice it is to vacation in New Hampshire," they broke into guffaws. Greeting an acquaintance who told him her husband was off on vacation, Mr. Dole cracked, "Oh, what's he running for?"

His visible position as the opposition leader is a blessing and a burden. Unlike other early Republican starters who have or may venture into this first primary state, he needs no introductions to New Hampshir voters. But unlike the others, he can thwart Mr. Clinton, and has; he can help Mr. Clinton get things done in Washington, and mostly has not. And his personification by Democrats as the symbol of gridlock, as the ultimate Washington player seeking to rotect the status quo, is not a plus.

Outside the Portsmouth hotel ballroom where Mr. Dole gave his speech, Democratic activists were sporting signs, "Welcome, Senator Greedlock," and "President Dole. Not."

Hanford Dole, is there along with the senator's daughter from his first marriage. Mr. Dole, however, mostly record of Democrats showing up here only months wanted his business audience to understand what he meant by that Republicans, he said, want health care reform, but not if it includes major new mandated costs for small businesses, not if it means significant reduction in health choice and not if it reduces the quality of health care overall.

> Republicans, he said, will support the North American Free Trade Agreement; it is the Democrats that Mr. Clinton will have to bring along on that one. Republicans, Mr. Dole said, want welfare and education reform and better efforts against crime, but in each of these areas, he said, Mr. Clinton will have to have "true partnership" with the the Republicans, not after-the-fact efforts to pick up enough votes to offset lost Democrats.

> In an interview, Mr. Dole said the White House "talks bipartisanship" but has shown no sign of it yet. "They are fairly competitive and pretty good at that. They're not too good at working together," he said.

The Clinton White House, Mr. Dole said, still displays an "amateur's" skill at the Washington legislative process and needs "to mature" if it seeks biparti-sanship. The opposition, he said, has a right to oppose

The Good Government Diet: Gore's One-Glove-Off Pitch

By Gwen Ifill

New York Times Service WASHINGTON — Strolling around a Pentagon courtyard filled with attentive federal employees, Vice President Al Gore is holding

another gripe session.

Microphone in hand, sweat soaking his blue shirt, he exhibits the moist concern of an afternoon talk show host, offering up precise

doses of empathy and outrage. But instead of tales of faithless husbands and long-suffering wives, Mr. Gore is talking about over-priced steam traps (for heating sys-tems) and overregulated ashtrays, unwieldy personnel practices and all manner of bureaucratic slag.

In campaign-style trips to government agencies and in short-hop out-of-town investigative missions, he listens to and retells the same horror stories over and over and over. If ever a temperament was matched to a task, this is it.

The point of compiling these tales of woe has been grandly called reinventing government, a task Mr. Gore has been handed in order to fulfill a Clinton campaign pledge to cut waste and address the widely held perception that Washington does not work.

If that were not enough, Mr. Gore was also saddled during the budget fight with the job of fulfilling optimistic promises to Congress to find big, quick spending

On Sept. 7, Mr. Gore is scheduled to present his findings, discovered not only by him but also by 1,000 full- and part-time employees. On that day, reinventing government will become reality instead of theory, or at least a real tead of a var

It will also become the well for a lot of expectations and promises, and the focus of fierce resistance from many people in the government whose programs are to be reinvented out of existence.

Mr. Gore's group is expected to recommend plans to combine departments, revamp rules governing the civil service and abolish commissions in a manner that remains faithful to the vision of David Osborne, an author whose writings have influenced President Bill Clinton and who has worked on the

"Mandate for Change," a book published by the Progressive Policy Institute, an arm of the Democratic Leadership Council, Mr. Osborne recommended legisla-tion to eliminate or consolidate about 500 grant programs, an in-crease in waivers to allow state and local governments to bypass federal regulations and the appointment of a cabinet member in charge of

will be forced to handle another not occur for 8 or 10 years.

to resettle about 1,000 Iraqi prison-

Mr. Hutto, in a letter to Presi-

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Resettling of Iraqi POWs

Angers Florida Legislator

MIAMI — A Florida congress-man is protesting a U.S. program could cost \$4,000 to \$7,000 per per-that will spend millions of dollars

ers of war and their families in the United States.

The prisoners "apparently three ing these tracis were not "the bad

familiar problem the moment the ambitious plans are announced. Mr. Clinton must push this latest initiative, despite the inertia of bureaucrats, lawmakers and lobbyists satisfied with the status quo, while at the same time promoting important proposals on health care and

international trade that opponents

say will increase taxes and cost 'It's not that his administration is going to stand or fall over whether the procurement system is streamlined," said William Kristol, a conservative Republican who was

Vice President Dan Quayle's chief of staff. "But politically it's very important for him." Clinton administration officials hope that by providing evidence that they really intend to clean up the government, Republicans can be wooed, Ross Perot quieted and debts can be repaid to senators, like Bob Kerrey, Democrat of Nebraska, who provided the crucial budget vote But Washington bookshelves are full of the dusty fruit of previous efforts to streamline the

government Some describe it as pressure Mr. Gore said in an interview in the characteristically cautious manner that makes him seem such a polar opposite to Bill Clinton. "We view it as opportunity."

At the least, it will be another opportunity for Mr. Gore to prove how central he has become to the Clinton administration. Officials said that the vice president had played a central role in developing environmental policy, budget strategy, staff maneuvering and the politics of defending the president.

Mr. Gore has grown fond of supposed shortcomings as a sort of humanizing shield to deflect criticism or questions he does not want

Such was the case when he was asked to say, prematurely, how much money the streamlining initiative will save. Self-consciously he began to spin out jokes that the comedian Jay Leno has told about his stiffness and his dancing style. When reminded that he had failed to answer the question about

cost savings, he demurred. "I've tried to avoid any numeri cal estimates on the savings that are coming out of this, other than to say I'm confident they will be sig-nificant," he said.

Mr. Gore and his aides have already begun to lower expectations about how sweeping the plan will be. Mr. Clinton is expected to sign a number of executive orders aimed at reducing waste in the govern-ment when he presents Mr. Gore's report on Sept. 7. But the vice presioverseeing the process.

But the Clinton administration dent also warned that some of the more far-reaching solutions might

dent Bill Clinton that was released

Pam Lewis, of the State Depart-

Among the props Mr. Gore uses to promote his effort to reinvent wool glove knitted from mohair produced in part because of federal subsidies that protect goat farmers.

Mr. Clinton had proposed climinating the mohair subsidy in his budget, but it survived, saved by two lawmakers from Texas, Senator Phil Gramm, a Republican, and Representative Charles W. Stenholm, a Democrat, Neither man voted for the budget, even with the subsidy restored

"There is absolutely no justification for it whatsoever except politics," Mr. Gore said through gritted

But the mohair subsidy is not his favorite target.

Leaping out of the wing chair in his West Wing office to rifle through the props during an interview, he reached for a heavy glass

"Not ashtrays," he explained, flipping through a manual of pur-chasing guidelines. "Ash receivers, tobacco, desk-type." In order to meet government

standards, he read, the ash tray must, when dropped, break into "a number of irregular pieces, not greater than 35, and it must not

asperated. "It's crazy!"



The vice president broke off, exPresident Bill Clinton snitching a taste as he doled out pieces of birthday cake aboard Air Force One sperated. "It's crazy!" en route to the island of Martha's Vineyard in Massachusetts. The president turned 47 on Thursday.

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The prisoners "apparently threw up their white flags" and now are seeking asylum here, said Elizabeth sem and added that U.S. planes Gregory, a spokeswoman for Rephad dropped leaflets during the war urging Iraqis to defect and promis-NEW FALL WINTER Paris left bank For orders FAX: (1) 42 84 24 15 Sale on Summer Collection **Marie-Martine** 8, rue de Sèvres,

Dissident Longs to Return but China, Wary of West's Meddling, Says No

By Nicholas D. Kristof

New York Times Service BELIING — Han Dongfang's greatest hope. is not the stuff of most people's dreams. He simply yearns to be deported back to China But Mr. Han, an independent labor leader who has spent the last year in the United States, is finding that even this modest goal is difficult to achieve. Hours after he returned to China, the police seized him, roughed him up and

expelled him to Hong Kong. Now Mr. Han, who met with President Bill Clinton in April, is holding a seven-day Hong Kong visa that expires Sunday. He refuses to

One question is why Mr. Han would want to back. A railroad employee who became the to travel to the United States for medical treatgo back. A railroad employee who became the leader of the unofficial workers union during the Tiananmen democracy movement in 1989, he was later imprisoned, tortured and threatened with execution.

Annoyed by his refusal to admit wrongdoing, prison officials forced a long needle through his hand and finally locked him up in a cell with inmates who had tuberculosis. Mr. Han became infected with tuberculosis and was finally released in April 1991, when he was so ill that the authorities feared he would die in their hands.

Mr. Han slipped back into China last Friday through a small border post where immigration officials apparently had no idea who he was. The security agents who peruse names of registered hotel guests were apparently more alert, for the next morning the police entered his hotel room, detained him, pummeled him and expelled him to Hong Kong.

The incident is already adding to the strains between Washington and Beijing. In a sharp statement this week, the State Department said that China's action ran counter to provisions in the Universal Declaration of International Human Rights allowing all people the right to

on Thursday of trying to use Mr. Han to spread unrest in China and to deprive Beijing of its chance to become the host of the Olympic games in 2000.

Through the performance by this anti-China tool who betrays the nation, we can see the vicious intentions of the international hegemonists who hate China," Wen Wei Po, a China-controlled newspaper in Hong Kong, said Thursday. "He is entirely a pawn con-trolled by Western forces specifically to make chaos in China."

Wen Wei Po linked Mr. Han's attempt to return to China to another current dispute in Chinese-American relations: suggestions by the United States that a Chinese ship, the Yinhe, is carrying to Iran the raw ingredients to make

have tailed the Yinhe, which is now anchored in the Gulf, and U.S. officials are trying to arrange to China.

an inspection of the cargo. China has accused the United States of blocking the ship's progress and has demanded

In a telephone interview from Hong Kong. Mr. Han, 30, emphasized that he remained a Chinese citizen and said he would continue to try to return to his country.
"I want to return for all kinds of reasons," he

Then I want to organize some independent labor activities, and educate people about labor and the law," he added He said he had not broken any Chinese laws,

said. "One reason is that I want to file a lawsuit.

My 'work unit' expelled me, so I want to sue it."

would be arrested if he succeeded in returning

"I don't want to be arrested," he said. "But there are millions of soldiers and police arrayed against me. So there's not much point in worrying about what might happen.

Over the last couple of years, China has been increasingly willing to allow its dissidents out of the country, in most cases with mutually satisfactory results. The dissidents enjoy a taste of freedom and life abroad, but lose their influ-

ence at home. The Chinese government has been reluctant to allow them back, however. A year ago, the government refused to allow an outspoken graduate student at Harvard University, Gong 🖆 Xiaoxia to return.

After recovering, Mr. Han began to give apply for an extension of the visa, or for a new interviews to Western reporters in which he American visa, because he hopes that this will described his mistreatment. He also announced force Hong Kong to expel him back to his plans to form an independent labor union. Partly in response to foreign pressure, the gov-INTERNATIONAL CLASSIFIED **PERSONALS** REAL ESTATE MOVING real estate FOR SALE MADAME BRIDOU have disture with per in Monato tonight, Jusin and Doddy Reacel-Chaps love you and send their best waters on our 10th anniversary, TOLUCUS PROVENCE THANK YOU SACRED HEART of Journ TO RENT/SHARE GOING ONCE, TWICE, SOLDIİ! PARIS AREA FURNISHED FRENCH PROVINCES SOUTHWEST FRANCE. 25 miles PAUL cirport. 17th cambring properly in 8 and wooded park. Good condition. Paranamics wiew. Ground floor: 6 rooms, 1st floor: 6 bedrooms, 3 buths. Central hosting, superb oranger, outbuildings. FF2,000,000. 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Government soldiers taking a volleyball break during heavy bombardment of Khmer Rouge positions in northwest Cambodia.

Phnom Penh Troops Seize Rebel Base

PHNOM PENH - Government forces seized a major Khmer Rouge base with little resistance Friday after many of the guerrillas fled the battlefield, a UN spokesman said.

Government troops had pounded Phum Chat, a Khmer Rouge arms and logistics center, for two days with more than 600 rounds of

artillery and mortars, the spokesman said.

Many guerrillas fled Friday as government soldiers closed in from three directions on the base, in the northwestern province of Banteay

Meanchey, he said. The capture of Phum Chat left only several small Kinner Rouge-controlled areas still standing in the regions under attack. It is the ault on the group since the UN peacekeeping mission began here 17 months

In launching the assault, the government said that it would no longer tolerate Khmer Rouge attacks or the partitioning of Cambodia and that the radical Communist guerrillas must unconditionally surrender the 20 percent of the country's territory under their control.

The guerrillas have been attacking targets controlled by both the UN mission and the interim government formed by a UN-organized election in May, which the Khmer Rouge boy-

The Khmer Rouge president, Khieu Samphan, said in Bangkok that he was seeking talks to resolve the problem. To end the fighting, he said, "the only way is to get national reconciliation, and to get that we see the need to meet urgently all the Cambodian leaders." He said his group still sought an advisory role

Mr. Khien Samphan spoke during talks with Foreign Minister Prasong Soonsiri of Thailand,

tion of anonymity. "This is our only choice." The Khmer Rouge has about 10,000 soldiers. During its 1975-78 rule, the group killed hundreds of thousands of Cambodians in trying to

who urged the Khmer Rouge leader to negoti-But a Khmer Rouge official in Phnom Penh

two former allies of the Khmer Rouge.

The UN spokesman declined to say if the guerrillas had fled to Thailand, which had backed the Khmer Rouge during the 1979-91 war. Thailand borders Bantesy Meanchey and is the only apparent escape r Mr. Prasong said he told Khien Samphan

said his group would continue to fight back. "If we don't fight with the government soldiers, we will die," said the official, who spoke on condition them."

radically restructure society. Vietnam invaded

and overthrew the Khmer Rouge in late 1978,

installing a pro-Hanoi government.

From 1979 to 1991, two non-Communist guerrilla groups joined the Khmer Rouge in

battling the pro-Vietnamese government. All factions signed a 1991 peace accord, but the Khmer Rouge changed its mind and refused to

disarm or to allow UN peacekeepers to enter its

The current interim government includes the

Lieutenant Colonel Fred Hoogeland, commander of the Dutch UN battalion in Banteay Meanchey, said the government offensive was a "well-orchestrated, coordinated effort."

Israel Exhibits Restraint After 9 Deaths

New York Times Service

JERUSALEM --- A day after Islamic militants killed nine Israeli soldiers in southern Lebanon, the border was quiet on Friday, confirming that Israel did not plan large-scale reprisals for now against guerrillas of the pro-Irani-an Hezbollah, or Party of God,

Security officials said the Israelis most likely would seek to avenge roadside bomb attacks on Thursday that produced the highest single-day death toll for Israel's forces in southern Lebanon since the army carved out a strip of terrain there in 1985 and proclaimed it a

northern Israeli towns. commanders here drew clear distinctions between Hezbollah raids against soldiers in the buffer zone, no matter how deadly, and rocket attacks against Israeli civilian set-tlements along the border.

Limited strikes against Hezbollah targets were possible, several officials said, similar to an air strike on Thursday that reportedly killed two guerrillas at bases in the Bekaa, near Syria. But it seemed that as long as northern Israel stayed safe, Israeli forces in southern Lebanon would avoid massive attacks like

"security zone" against strikes on the weeklong shelling and air northern Israeli towns. But political leaders and military than 130 people and temporarily displaced 250,000 Lebanese from their homes. That fighting ended with a Unit-

ed States-engineered cease-fire, which Prime Minister Yitzhak Rabin said Friday remains intact. As part of that agreement, Hezbollah agreed to stop rocket assaults on civilians, a "red line" for the Israehis. But Mr. Rabin warned, "The crossed, be assured we will not re-

Fearing Israeli reprisals, hundreds of civilians fied southern Lebanon, but they were a small minority. Almost everyone stayed put when it became evident that an all-out attack was not imminent.

Essentially, both sides engaged in a war of words, with Mr. Rabin's warning against rocket attacks on Israeli towns matched by a Hezbollah promise to resume those attacks if Israel hits Lebanese civilians. "He who seeks to kill us, we will seek to kill him," Sheikh Moham-med Hussein Fadlallah, the party's leader in Lebanon, said in a prayer sermon at a Beirut mosque.

The word battle extended to Israeli domestic politics as Mr. Rabin came under attack from rightist op-ponents, who demanded that Israel break off peace talks with Syria because of the sustenance it gives Islamic militants in Lebanon.

The government must come to the conclusion that there is no value to the agreements reached with

Syria," said Benjamin Netanyahu, leader of the main opposition par-

But Mr. Rabin brushed off calls to suspend peace negotiations, which Israel is expected to resume in Washington on Aug. 31, not only with Syria but also with Jordan, Lebanon and the Palestinians, "What will we achieve it we stop the peace talks?" he said. "What will be the result of such a move? There will be more extremisme. very moment that red line is more Iranian influence, more Irani-

The soldiers were killed in two incidents on Thursday when pa-trols touched off bombs hidden along their path. The more serious explosion killed seven soldiers and wounded two others. Hours later, in the same area, a second blast immediately killed a soldier and wounded two others, one of whom

died early Friday.
As the dead were buried, Mr. Rabin's immediate predecessor as Prime Minister, Yitzhak Shamir of Likud, delivered a radio interview that angered Rabin sides, accusing army leaders of failing to defend Israeli lives and to fight Hezbol-

lah's "primitive ways."
"Instead of doing this, the am, commanders are unfortunately and they follow like blind men after those who head us and lead us to a national disaster," he said in an apparent reference to Lieutenant General Ehud Barak, the army chief of staff and, many believe, a political protege of Mr. Rabin. -- CLYDE HABERMAN

HELD: Demjanjuk Foes Win Time

Continued from Page 1

free an accused death camp guard,

others would be glad to see Mr. Demjanjuk go; they feel that their that it would bar him from travel-country risks appearing now to ing to the United States by way of ontsiders as a seeker of vengeance its territory.

difficult on Friday.

for years and produced ample pain and confusion.

While many Israelis do not understand how the Jewish state can Israel, says he should be given a temporary visa. On Friday, France announced

1981. Although the U.S. Justice

rather than justice.

If anything, getting Mr. Deznjanjuk out of Israel became a bit more wants to take the most direct route ifficult on Friday. home, and American airlines oper-He wants to go back the United airling in Israel route many of their States to fight for restoration of his homeward-bound flights through citizenship, taken from him in Paris.

Herald Eribune.

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Compiled by One Staff From Dupancher

asked Russia's parliament on Fri-

day to agree to early elections to try

"I understand that giving up

power and facing voters is not an easy decision," Mr. Yeltsin said in

a letter to lawmakers, which was

made public by his chief of staff,

to break a political deadlock.

MOSCOW - President Boris N. Yeltsin, in a largely formal gesture,

Mr. Yeltsin proposed last week comprising the regional leaders. should be granted wider powers. including some that now belong to parliament. But Mr. Khasbulatov rejected the idea.

We cannot allow the creation of any artificial bodies that would replace the parliament," he said, assailing Mr. Yelisin for what he contended were attempts to strengthen

KGB Files Reveal Hungarian's Fate ported, citing archive files of the

MOSCOW - A former Hungarian prime minister who disappeared mysteriously after bidding to install a Soviet-backed regime in Hungary during World War II died two years later in a Moscow prison,

according to archives revealed here. minister from 1921 to 1931, approached the Red Army near Budapest in December 1944 to offer

Count Istvan Bethlen, prime ture Hungarian coalition government, the newspaper Izvestia re-

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KGB. According to the documents, handed over in July, Count Bethlen offered to help the former Soviet Union install in Hungary a coalition government including Com-munists. But Soviet authorities saw Count Bethlen as a reactionary and dismissed his approach. The Soviets arrested him on the orders of Foreign Minister Vyacheslav Mo-

his services to the Soviets in a fu- lotov and, according to the files, he died of heart failure in October 1946 in Moscow's Butirka prison.

Ex-King's Shore Visit Sparks Greek Violence

market economy. He said he had a competence and failure to resist

ATHENS - Some 200 supporters of former King Constantine clashed with residents of a small southern Greek village Friday when the former monarch, who is vacationing on a yacht, stopped by to

Constantine had anchored his yacht off the village of Neapoli and gone ashore to buy food and gas when his chanting supporters attacked another group of residents who opposed his presence, waving black flags. There were no serious injuries.

Constantine, his wife and five children bought the supplies under police protection and then hurried back to the yacht to avert causing

His 10-day visit to Greece has fueled tensions between royalists and others who fear he returned to pave the way for reclaiming his throne.

Constantine fled Greece in 1967 after failing to overthrow a military dictatorship then ruling Greece, and has since lived in London. Greece abolished the monarchy in a 1974 referendum. The visit has also prompted angry statements from opposition parties, calling on the conservative government to expel him.

The government has asked him not to disembark in populated areas and on Wednesday sent two navy torpedo boats and an air force plane to monitor the yacht he rented for a family vacation.

Constantine told BBC radio on Thursday that he had agreed to stay away from two towns in the Peloponnisos Peninsula, and that in return the ships and aircraft would leave.

The ships and the aircraft withdrew Friday, and the former king went to Neapoli to refuel and buy supplies instead of the nearby town of Gythio where, he asserted, thousands of supporters were

'I am a Greek citizen, a Greek passport holder, as all my family are," Constantine said. "I kept away from my country for 18 years. The time has come now for me to enjoy my country as a private citizen with my family."

Constantine is scheduled to leave Greece on Monday and will continue his vacation elsewhere before returning to Britain.

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supporters on Friday. Sergei A. Filatov. The president Legislative terms are not due to urged the deputies to take the expire until 1995, and under the democratic and peaceful way out current constitution, adopted beof Russia's political stalemate. fore the Soviet Union collapsed, Mr. Yeltsin and his hard-line en-Mr. Yeltsin does not have the auemies in parliament have been at thority to call elections. odds for months over who should Lawmakers have in the past said hold the majority share of power in they might agree to early legislative post-Soviet Russia and direct the elections as long as they were accompanied by early presidential elections. Mr. Yeltsin's term excourse of economic reform. "If we are really concerned with pures in 1996 and he has said he the fate of Russia more than with would not run for a second term. our own short-term interests, then we should let the citizens of Russia Meanwhile, Russia's minister for have the chance to form an effecpress and information. Mikhail Fetive power structure without de- dotov, resigned Friday, the Itarlay." Mr. Yeltsin said in the letter. Tass press agency said. On Thursday, Mr. Yeltsin Mr. Fedotov has faced sharp criticism in recent weeks from leadbranded the parliament a "bulwark of revanchist forces" blocking Rus-sia's transition to democracy and ing newspaper and television edi-

partiament resisted them.

the president's threat.

But the parliamentary speaker,

Ruslan I. Khashulatov, Mr. Yelt-

sin's arch-rival, effectively saubbed

president," he said at a meeting of

tors who have accused him of in-

"We are not going to reply to

region, was prevented again on Fri-day from delivering food to Mus-Airlifts to Ireland, the Nethersands of Muslims to flee from the Saraievo radio reported Friday lims in Moster. Mostar region in southwestern lands and Canada are to take place that most of the capital was de-Lord Owen said he had been in in the next few days, she said. prived of gas and water Friday be-Thirty-nine patients were airlift-There are numerous reports of touch with EC officials in Brussels,

Bosnian war.

Continued from Page 1 1991, announced that it had taken

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<u>...</u>

GENEVA - International me-

diators appealed to the European Community on Friday to adminis-

ter the Bosnian town of Mostar as

part of an overall peace package.

Lord Owen, the EC envoy to the
Bosnia peace talks, said that he
hoped the 12-nation Community

would agree to administer Mostar under a formula similar to the pro-

posed United Nations administra-

tion of Sarajevo, the Bosnian capi-

The appeal came after the Unit-

ed Nations accused Bosnian Croat

forces on Friday of forcing thou-

power from Mr. Gorbachev to "restore order. Mr. Baklanov, the former Central Committee member in charge of the Soviet military-industrial complex and a man known as a hard-liner, has become a businessman. He has an office at the Mir Bank, where he consults for defense plants hoping to restricture themselves for the new free market. What he now earns from his work.

spend much time looking back telling his interviewer that today,

"What happened happened," he said. "Nothing can be brought back. I don't have any nostalgia. For others, things have not turned out nearly so well. Gennadi I. Yanayev, a former Soviet vice president who is said to

have spent most of the coup in a drunken stupor, liss, according to friends, been forced to sell some possessions and rely on his two

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income other than a 15,000-rublea month pension that his wife

looting, rape and other abuses by Bosnian Crost forces throughout

by Bosman Crost forces in the Mostar region. "Detainers are re-portedly being held in extremely

poor conditions," the refugee agen-

The agency, which said it had been denied access to much of the

sioner for Refugees said.

the region," the UN High Commis- mixed Mostar.

Other plotters have also felt the physical strain. Alexander Tizyakov, formerly president of an industrialists union, has had severe heart problems that have forced repeated delays in the treason trial Valentin T. Varennikov, a former commander of ground forces, is also reportedly not well.

ne sand with a broad smile, is a fense minister, was released from commercial secret, but he made it; jail in what newspapers here declear that it dwarfs his 35,000 rubble scribed as a state of exhaustion. In a second interview of the sand of the state of the sand of th Aside from preparing for the til- magazine Stokitsa, he sounded disoriented by his new circumstances,

> speaker of the Soviet parliament, now looks noticeably grayer than be did two years ago:

"You can see I had some black work to re-establish the Soviet hair left," he said, pointing to a precomp photograph that adorns one of his books. "Jail doesn't make Central Committee of the newly

FOLLOW THE DIRECTIONS By Bernard Meren

COUP: For a Dozen Soviet Plotters, a Special Limbo While Awaiting Trial

Youngsters waiting for soldiers to bring them treats Friday near the headquarters of French peacekeeping troops in Sarajevo.

Envoys Urge EC Control of Bosnia Town

It said 15,000 mostly draft-age. lim enclave, has been wracked by

Muslim men were thought to be months of fighting — mainly be-held in detention centers guarded tween Muslim-led government by Bosman Croat forces in the forces and the Croats, the Muslims

study, which is larger than many typical Russian apartments, is filled with books, top-of-the-line electronic gear and a portable tele-Dmitri T. Yazov, a former de-

"everything is somehow hard to un-derstand."

Anatoli I. Lukyanov, a former had several heart attacks in jail and

..... III Embrace

Yanayev said he had no source of unnes of poetry and a memoir of the coup. Its publication in several countries has apparently allowed Mr. Lukyanov to continue living a comfortable life. His apartment, like Mr. Baklanov's, is in a well-maintained, secluded building. His

Mostar, and especially its Mus-

erstwhile allies in the 16-month

. In Sarajevo, meanwhile, a

spokeswoman for the UN refugee

agency said that a second wave of

patients was being prepared for

evacuation to foreign countries.

Mr. Lukyanov is clearly bothered by his distance from the levers of power, although in an interview as busy now as he had been before everything fell apart. He can even say how many politicians and for-

when elections are held - if he is not in jail for treason. Like several others among the accused, Mr. Lukyanov has remained a committed and active Communist and said he would

In a telephone interview, Mr. ... He has written several small vol. and is a regular speaker at anti-

Yeltsin demonstrations. He is also an aggressive defender of the goals

ed to Britain and Sweden last week-

Bosnian giri who was severely

wounded in a mortar anack in Sa.

rajevo in which her mother was

killed. The girl was reported Friday

to have shown slight improvement in the London hospital to which

she was brought nearly two weeks

Since her evacuation, the UN

refugee agency has been offered more than 1,000 hospital beds over-

seas for victims of the Bosnian war.

states about accepting an interim end in a highly publicized opera-tion prompted by the plight of lrms Hadzimuratovic, a 5-year-old

"Everything said in the address to the people has come to pass since then," he asserted, referring to the Emergency Committee's warnings about imminent collapse of the union and the economy. "People have seen what it means in reality when a big empire is destroyed."

Several other coup leaders, including Vladimir A. Kryuchkov, the former KGB chief; Oleg Shenin, the former Central Committee secretary, and Valentin S Paylov, the former prime minister, have also remained active Communists. Vassili Starodubtsev, the former head of the farmers w since his release (80 reporters, as of Tuesday afternoon). He does not rule out running for parliament wide farmer protest against the wide farmer protest against the Yeitsin government.

Mr. Kryuchkov, the mastermind of the coup, told a gathering of Russian Communists recently that even if he was sentenced to death for his role, he was sure he would be cleared by "the trial of history."

But, at the same meeting. Mr. He recently was elected to the Krynchkov acknowledged that he Central Committee of the newly would not get involved in another revived Russian Communist Party effort to change the government by

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A Difference at the Talks

ent, in form if not substance, when the stalemated Middle East peace talks resume in Washington late this month.

Prime Minister Yizhak Rabin has bravely consented to the breaching of one of Israel's most emotional taboos. Israelis will negotiate directly with representatives of the Palestine Liberation Organization. Mr. Rabin says Israel is meeting with individuals, not an organization, but all parties recognize this

as a significant change.

There is still a big gap between Israeli and Arab bargaining positions, and Secretary of State Warren Christopher's recent trip to the region did not do much to narrow it. Thursday's bloody exchanges with Hezbollah guerrillas in Lebanon did not help, either. But for Mr. Rabin, talking to Palestinians with PLO titles is a political and diplomatic gamble worth taking because it just might open some previously locked doors to peace.

Israel long shunned the PLO, and persuaded Washington to do likewise, because the organization never convincingly distanced itself from terrorist attacks on Israeli civilians. One reason it proved unable to do so, despite public declarations of peace by its chairman, Yasser Arafat, is that the PLO is an umbrella coalition containing both violent militants and convinced moderates, Paradoxically, some PLO moderates have now become so willing to compromise that they risk repu-diation by the 1.8 million Palestinians in the

occupied territories. Consider what has been going on in the Palestinian camp in recent weeks. The last round of talks ended in deadlock over Jerusalem. The Palestinian negotiators - at Israel's insistence, all residents of the territories feared that if discussion of Jerusalem were put off until the final phase of talks, new Israeli

effectively settle the issue in advance.

المكذا من الأصل

But after the negotiators resisted a succession of U.S. position papers that evaded the Jerusalem issue, Mr. Arafat ordered them to agree to defer discussing Jerusalem after all. Though the negotiators, at Israeli insistence, were not card-carrying members of the PLO. they had been following the PLO's guidance.
But Mr. Arafat's Jerusalem concession

sparked a revolu. To the negotiators, he and his fellow Tunis-based exiles seemed to be outting their own bureaucratic agenda ahead of the concerns of those living under Israeli occupation. Two negotiators criticized Mr. Arafat's undemocratic leadership and several threatened to quit. In the end a compromise was reached, slightly altering some of the language and formally appointing the negoti-

ators as PLO representatives.

So when the talks resume, Israel will be sitting down with the same negotiators - but this time as acknowledged PLO officials. Meanwhile, the PLO's center of gravity has

shifted, healthily, toward the territories.

The PLO has organizational assets, like a developed political infrastructure and diplomatic contacts, that can contribute to peace making. But it has long lacked a sense of responsibility and accountability to its constituency in the territories. The enhanced status of the negotiators and the greater responsibility of PLO leaders for the fate of the talks could help remedy these deficits.

But such a constructive outcome is not guaranteed. It is possible that the PLO's open participation in the talks could merely lend new legitimacy to old and discredited ways. In that case, Mr. Rabin would pay a political price for losing his diplomatic gamble. A far steeper price would be paid by the Palestinian people. - THE NEW YORK TIMES.

The Crackdown in Kuwait

six human rights organizations that were pressing it inconveniently hard. The ruling emir does not care for public criticism and has yet to accept fully the concept of a legitimate opposition. The suppression of these small but valuable organizations is particularly troubling because Kuwait had seemed to be moving slowly toward more democracy and greater regard for law. Banning the spokesmen for decency is a long step in the wrong direction. The Gulf War was not fought primarily for democracy but for other reasons to keep a country from eating up a smaller one and to prevent Saddam Hussein's Iraq from making itself the dominant power in the Gulf region. But during the months of the Iraqi occupation, Kuwait's royal family, from its exile in various five-star hotels, was full of promises about the new day that would dawn for democracy when the emir was restored to his rightful place. For many Kuwaitis -- especially those who, unlike their rulers, stayed and at preat risk to resist the invaders has been galling to see how slowly and reluc-

tantly those promises have been kept. And yet there has been real progress, most clearly in the election of the National Assembly last October. The election was held only

Kuwait's government has now shut down after much pushing by the United States, and only under a prewar election law that restricts the ballot to one out of every eight citizens. But the government's opponents won most of the seats, and the assembly has become a forum for serious political debate. It is, inci-dentally, the only democratically elected body in any of the Gulf states.

The government's decision now to ban the human rights organizations raises concerns that it may intend to proceed against other critics as well. The ban is not the only sign of a change in the atmosphere. In June, Kuwait sentenced to death 16 Iraqis and Palestinians for having collaborated with Iraq during the occupation. But these people acted under coercion and, as the American advocacy organization Human Rights Watch observes, Kuwait's bandling of their cases has been far from ideal. They have been held incommunicado for long periods and evidently beaten by Kuwaiti security authorities trying to extract confessions.

Recent events have given Kuwait's emir and relationship between their security and U.S. policy. The American view of Kuwait's rulers will inevitably be influenced by how they treat the people of their small and defenseless state.

- THE WASHINGTON POST.

Press for Peruvian Reform

Peru's present version of democracy is the most restricted in South America, thanks to President Alberto Fujimori's 1992 coup. which abolished an elected congress and intimidated critical voices in the press.

And its human rights record is also the continent's worst, as Mr. Fujimori's actions to eliminate judicial independence and abolish procedural safeguards compound problems generated by a notoriously abusive military.

Prisoners are often held incommunicado, tried in secrety before faceless judges and denied effective legal representation. And while fewer people mysteriously "disappear" from streets and villages than in the recent past, many still do, often with apparent military involvement.

By withholding most foreign aid since the coup. America has armed itself with what could be an effective tool for expanding the scope of freedom in Peru. But the administration's proposed human rights conditions for releasing much of that aid are disappointingly weak, settling mainly for promises of improvement rather than hard specifics.

David Obey, who head the relevant foreign aid subcommittees in each house, rightly ask the administration to press harder. The most important changes they seek concern imposing greater accountability on the armed forces and ensuring access to independent international legal experts.

The United States ought not to simply walk away from Peru in disgust. There have been some positive changes since the coup, like continued economic reform, and some modest political liberalization, like the election of a constituent assembly. And Washington has an interest in engaging the Lima authorities on areas of mutual interest, like narcotics control.

But human rights must remain a central concern. Economic and political reform cannot thrive without the rule of law. And an unaccountable army cannot be a reliable partner in drug interdiction. America is the most powerful potential champion Peru's human rights victims can look to. The Clinton administration should not let them down.

-THE NEW YORK TIMES.

Other Comment

A Good Start by Hosokawa

Prime Minister Morihiro Hosokawa de-

serves to be complimented on his reported proposal for a 1 trillion yen (\$950 billion) fund to compensate victims of World War II. In his first news conference upon becoming prime minister, he acknowledged that Japan had conducted a war of aggression against its neighbors. Last week he underscored the sincertify of his contration when it was disclosed that he was considering the setting-up of an "Asia-Pacific Fund" for the victims. For those

who stand to be compensated, that is good news. The news is no less important for a Japan which is still trying to come to terms

with an inglorious period in its history. The jury is still out on whether the majority of Japanese regret the past sincerely and unequivocally and are willing to apologize for it. The payment of compensation to the direct victims of aggression will be a step in that direction. It is important that Japan take that step as it rehabilitates itself politically in post-Cold War Asia.

- Straits Times (Singapore).



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Herald Cribune UN Multilateralism: A Cure for Ugly New Nationalisms

NITED NATIONS, New York - Multilateralism stands for a long-held but rarely achieved ideal:

the voluntary cooperation of nations for peace and development. Today, multilateralism is working more effectively than ever in history.

Member states of the United Nations have heaped new responsibilities on the organization. The danger, expense and scale of new operations exceed anything in the United Nations' history and are unique in the record of international affairs.

What is going on in places like Angola Cambodia. El Salvador. Georgia, Haiti, Somalia, Tajikistan and the former Yugoslavia is nothing less than an effort to preserve the foundations of the state system while beginning to shape a post-Cold War structure of peace and security.

This is a difficult endeavor, with

far-reaching and uncertain conse-quences. It is being made even more difficult by the upsurge of two kinds of ugly nationalism: ultranationalism l micronationalism. From one direction come assaults by ultranationalists who, apparently nostalgic for the years when one or a few big powers called all the shots, would prefer that the United Nations By Butros Butros Ghali

The writer is secretary-general of the United Nations. serve as cover for such interests and tions abides by binding resolutions

it played in years past. In cases such as Bosnia and Somaliz, when the secretary-general coordinates the political negotiations, humanitarian aid and peacekeeping operations, or approves the timing of a military action, it is not out of hunger for power but because the Security Council has placed a responsibility on

the secretary general to do so.

But in these and other peace operations, critics have failed to recall, or have misunderstood or have knowingly disregarded requirements of resolutions that their governments may have voted for or even helped to draft.

National forces that voluntarily serve under unified multilateral command cannot expect to conduct or not conduct a military operation on their own decision or to decide in the field to disobey orders.

Member states that elect not to provide troops cannot subsequently de-cide to enter the theater of conflict at a time and in a manner of their own choosing. Governments should not feel aggrieved when the United Na-

return to the relatively marginal role and expects all states to do the same. in many multilateral operations under way, the United Nations is attempting to deal with threats from micronationalism and the ethnic or tribal forces that cause states to frac-

ture and fall apart. In Somalia, the state and its sovereign authority and integrity ceased to exist as a result of these pressures. What the UN is trying to accomplish there is the restoration to legitimacy of one of its members.

When it is suggested that the United Nations abandon this effort as violence worsens, or when the multilateral effort is undercut by the uncoordinated decisions of those contributing to it, the failure of a mission and the loss of a nation's hopes are at risk. This would also undermine what is perhaps the post-Cold War era's most fundamental task: the defense and strengthening of a cooperative and healthy international state system while defending legitimate mi-nority rights within state borders.

states together in an enlightened multilateralism that can enhance their specific interests while advancing the common cause.
If this is to succeed, governments

can expect to act multilaterally or unilaterally — but not to have it both ways at the same time. And submational, ethnic or tribal factions cannot expect to undermine the political unit in which they exist while claiming the privileges of a sovereign nation-state. The quest to establish one ethnicity on one territory is being revealed for what it is, a generator of "ethnic cleansing." racism and crimes against humanity

Today, member states have asked UN forces to go where they have not wanted their own soldiers to venture. Others have asked the United Nations to take the lead in negotiations where their own unilateral efforts would not be sufficient or accepted as legitimate. The United Nations has been man-

dated to undertake comprehensive and costly endeavors to transform societies and states where the risks of failure and likelihood of long-term involvement have been far beyond any one state's interests. And many states also recognize that some prob-

nation-state as the very foundation lems — drugs, pollution, disease, his of international life and to bring man and natural disaster — cannot states together in an enlightened be dealt with enduringly without

multilateral effort.

A growing number of member states are concluding that some problems can be addressed most effective. ly by UN efforts. Thus, collective security is finally beginning to work as it was conceived.

Despite setbacks, such efforts are reviving hopes for achieving a workable international system. If this momentum is to be built upon and maintained, governments must overcome attitudes ingrained when nationalism seemed incompatible with multilatera-ism and exercise the discipline multi-lateralism requires. Ethnic and micronationalist groups need to realize that justice and prosperity cannot be antained in a world made unworkable

by endlessly splintering factions.
UN multilateralism will not replace — indeed, it must foster — responsible regional, bilateral and in-dependent international activities. The people of the world have be-

come convinced that democracy is essential to progress with justice. Multilateralism is the democracy of international society.

The New York Times.

MR. BUTROS GHALI'S SECRETARY 😬

SAYS SHE'LL HAVE HIM CALL BACK

RIGHT AFTER LUNCH ...

Don't Blindly Follow the UN Lead

By Robert C. Byrd

The writer, a Democrat of West Virginia, is chairman of the Senate Appropriations Committee.

WASHINGTON - The news that the V Clinton administration is considering an expanded role in United Nations peacekeeping

operations is cause for concern.

The plan would allow U.S. soldiers to serve under foreign commanders on a regular basis. Before adopting any directive embracing this policy, the administration should allow Con-

gress to debate it thoroughly.

If the plan is carried out, we Americans would face more than the dubious prospect of sending U.S. troops into battle under foreign command We might also become militarily involved in operations that the American people do not properly understand or support.
Unless there is a national consensus in favor

of U.S. involvement, any such military endeavors could be disastrous. UN intervention in Somalia is a case in point. The operation was initially commendable. Its

goal was to see that numerican delivered to needy Somalis, and American al was to see that humanitarian aid was troops performed admirably. But now, with the humanitarian mission suc-

cessfully completed, the UN is trying to rebuild the nation's political structure. This risky experiment could include thousands of U.S. troops.

The deaths of four American soldiers in Mogadishu this month and the overt hostility of Somalis toward UN troops show that the operation is crumbling. It is not worth American lives lost and injuries sustained.

Congress has never approved, or even considered, U.S. participation in forcing a political reconciliation in Somalia. And there is certainly not a consensus among Americans that such an effort is worth any price in our soldiers' blood. Without a consensus, the likely result of such an operation could be a cut-and-run failure simi-lar to the Beirut disaster from 1982 to 1984.

Lacking congressional and popular support, U.S. combat forces in Somalia should be removed.

Dedication to UN Security Council resolutions and peacekeeping missions should not be used by any administration to escape the hard

job of consensus-building in Washington.
Despite a Security Council resolution authorizing member nations to do battle against the marauding Iraqi Army in Kuwait in 1990, the Bush administration sensibly sought congressio-nal approval before committing U.S. forces. The humanitarian mission in Semalia has now

been eclipsed by a gang war in which the United States is taking sides under the UN umbrella. In October, the United Nations' initial six-month mandate there expires. If the mission is extended, additional money will be required.

The United States is expected to pay about 30 percent of the UN peacekeeping bill. The UN interventions in Somalia and Bosnia are far more expensive than more traditional peacekeeping and humanitarian relief operations.



Congress is already being asked to provide billions of dollars to support the mushrooming ambitions of the United Nations in peacekeep-

ing operations around the world.

The administration will have a tough sell in gaining support for more money. Where will these funds come from? We certainly should not cut spending on domestic needs to pay for foreign adventures.

Yet the White House has requested almost \$1 billion for UN obligations in fiscal 1994. By

setting aside this sum, the administration could 🕻 avoid having to go to Congress to get approval for every peacekeeping endeavor in which it wants to get involved.

Congress's ability to support or deny linancing is critical to ensuring its voice in policy-making. Until a clear consensus is reached regarding the U.S. role in all peacekeeping matters. Congress should not hand off its constitutional responsibility.

Star Wars: A Major Scandal or a Resounding Cold War Success?

WASHINGTON - Concerned allegations that the Pentagon laked a missile test in 1984 to persuade Congress to spend billions on President Ronald Reagan's favored "star wars" defense against Soviet missile attack.

Well, yes, deceiving Congress is serious business, and it has to be pursued. But there is another allegation to pursue: that the first purpose of this "disinformation" operation was to panic the Soviets into spending tens of billions, in an effort omed by their technological and economic weaknesses, to counter the American drive for a space-based anti-nuclear shield.

If the allegation about deceiving Congress is true, we are in the pres-ence of a large scandal. If the allegation about deceiving the Kremin is true, we are in the presence of a great Cold War scam and, conceivably, an immense success of U.S. policy. Both By Stephen S. Rosenfeld

these possibilities may have some truth. If further disclosure bears them out, we would face an intriguing di-lemma characteristic of the Cold War time: whether figuratively to spurn a great international benefit because it was obtained by means regarded as disreputable at home. Behind the hint of misconduct --

vigorously denied by former Defense Secretary Caspar Weinberger - lies the hint that he and his Pentagon team took a huge risk and won a huge prize. An immediate risk was that a phoney intercept would sweep the United States into faise confidence and an imprudent investment in "star wars." A larger risk was that in pretending that a U.S. nonnuclear missile could hit a Soviet nuclear missile in space, the United States would be playing to Soviet paranoia, cranking up the arms

with fresh evidence of American hostility and aggressiveness.

Nobody who paid attention during that period will forget Moscow's resentment and rage over "star wars. extreme even by Cold War standards. But it also happened that as the Soviets moved to counter the American omeram with their own, they put an unbearable extra load on their technology and their budget. Their economy and then their whole society began to collapse. Out went Leonid Brezhnev. In came Mikhail Gorbachev. The rest is the chapter of histo-

ry called The End of the Cold War. The Reaganites are not making the grandiose claim that they set a trap for the Kremlin, and it worked. They seem to be locked in by considerations of secrecy and discretion. Moreover, the claim may not be

"star wars" program but Mr. Rea-gan's whole hard-line foreign policy, including ideological, political and military challenge around the world. Nor is the hard-line view the only one that must be considered. There is another, moderate school; President Bill Clinton's Soviet adviser, Strobe Talbott, was a leader of it in his previous incarnation as a Time maga-

> more important in hastening the de-mise of Soviet communism were (1) the ways the reform impulse was playing out in the public and private realms of Soviet society and (2) the ดากกราบที่เกียร โดย ออกตั้นสีวัตก สมศัสดcommodation that the West was opening up at the same time.
>
> Mr. Reagan himself was a hard-

zine editor. This school believes that

liner in the sense that he thought the Soviet regime was economically, po-litically and morally close to buck-

cal firms, including manufacturers of

agricultural chemicals, and exert

strict controls on the chemical trade. It is a dainting task. In Japan alone, about 1,000 factories will become lia-

many other weights were pressing: hing. (Moderates thought it could does not seem one to launch "star wars," or to fake a missile test, simply as a gambit to suck the Kremlin into futile, draining expenditures on its own missile defense. He was a true believer - in space-based nonnuclear defense and then in the abolition of all nuclear arms.

In 1962 I was in a group that interviewed Nikita Khrushchev, then the Soviet leader. He took the occasion to boast that the Soviet Union was building a missile to "hit a fly in space." He was wrong; never did the Kremlin accomplish that feat. But it was a revealing illustration, or so I later thought, of Soviet aspirations and apprehensions alike. In 1984 it might not have been farfetched for Americans to imagine they could impress a new crop of Soviet leaders by hitting a fly in space."

The Washington Post.

An End to Those Chemical Monsters Keep Demjanjuk Out By Enrico Jacchia

By Elizabeth Holtzman

WASHINGTON - The federal court in Cincinnati is wrong - there W has been no miscarriage of justice, John Demjanjuk is not innocent and he has no right to return to the United States. As the author of the Holtzman Amendment, the immigration law that bars Nazi persecutors, I ought to know.

The U.S. government should do everything in its power to comply with that law and keep Mr. Demjanjuk out. Attorney General Janet Reno did the right thing in appealing the 6th Circuit Court's decision. And Secretary of State Warren Christopher should waive the specialty clause of the U.S.-Israel extradition treaty and permit Israel to prosecute Mr. Demjanjuk for crimes cities than those for which he was extradited.

The Israeli Supreme Court found reasonable doubt that Mr. Demianjuk was "Ivan the Terrible." the brutal killer who operated the gas chambers at Treblinka. But Israel's top court also found, as have American courts, that there is compelling evidence that Mr. Demjanjuk was an active participant in the Nazis' murderous campaign against the Jewish people.

According to the Israeli Supreme Court, the evidence that raised doubts

about whether Mr. Demjanjuk was Ivan the Terrible - the statements of other concentration camp guards — provided additional evidence that Mr. Demjanjuk was in the SS maining unit at Trawniki. Trawniki was where the Nazi SS trained guards for the death camps. The training included mass executions of Jews. The Israeli Supreme Court also found evidence that Mr. Demjanjuk was a guard at the Sobibor death camp and at two other camps. American courts also have found compelling evidence. Last year, the 6th Circuit Court was concerned about how the U.S. government handled Mr. Dentjanjuk's case and appointed Judge Thomas Wiseman Jr. to

review the case. Judge Wiseman found: "Notiting uncovered in these proceedings or, for that matter, in the 12 years since Judge Battish's decision in the denaturalization case, has cast any substantial doubt on his finding that Mr. Demjanjuk served in the German SS at the Trawniki training camp ... The judgment [to deport Mr. Demianjuki was, and is, a sound one,"

The Holtzman Amendment bars anyone who "ordered, incited, assisted or otherwise participated in the persecution of any person because of race. religion, national origin or political opinion." This law kept Kurt Waldheim and others out of the United States; it must be applied to John Demjanjuk. There has been no miscarriage of justice here - quite the opposite. There was more than enough evidence that Mr. Demjanjuk was Ivan the Terrible to bring him to trial. For example, five survivors of Treblinka identified him face to face. The Israeli Supreme Court found this evidence credicie. (On Friday, Crief Justice Men Shamear gave petitioners 13 more days to present a final appeal for a retrial of Mr. Demjanjuk).

The eyewithess evidence was contradicted by the guards' statements that Ivan Marchenko was Ivan the Terrible. Even though there was no proof of the statements' authenticity, and even though more than one man may have operated the gas stratifier at Treblinka, the Israeli court decided to accept the statements "by the most learent application of the law." Thus, Mr. Demyanjuk got the benefit of careful, objective legal proceedings, something that was decided to the Nexts' victims. It has become difficult to find and correctly identify Nazi war cruninals.

But allowing them to escape justice would descrate the memory of the

millions who died and encourage participants in present-day genocide. The writer is complexities of New York Cuy. She contributed this comment to The Washington Post.

justified, or fully justified, since

ROME — The ongoing friction between the United Nations and Baghdad reminds us of Saddam Hossein's deadly threat to launch Scud missiles carrying poison gas against the allied troops and Israel during the Gulf War, Meanwhile, the Chinese ship Yinhe has been slowly wending its way to the Gulf, with a cargo of two chemicals that can be

used to make poison gas. Fortamately, we now have reason to believe that the world will get rid of chemical weapons of mass destruc-tion. One hundred forty-five countries have adhered to the convention banming such weapons, only months after it was opened for signature. This is ing the treaty's ne-

impressive, considering the treaty's ne-goliation took 24 years.

The essential feature of the agreement — and this must be stressed —

The Nuclear Nonproliferation Treaty has been criticized by many. particularly in the Third World, because it is unequal. Five great powers have the bomb and may keep it. Other signatories promise to renounce the possession of nuclear weapons. But the Chemical Weapons Convention prohibits chemical weapons

for all, and requires the destruction of existing stockpiles. So the United States and Russia, which have signed the treaty, have thereby agreed to destroy their huge stockpiles under international supervision. Universality also means that, for this entire category of weapons, the limit is set to zero. That makes the task of verifying compliance clear and precise. A new organization,

whose provisional secretariat has been set up in The Hague, will conduct international inspections of chemical factories once the treaty takes force. It has the authority to demand regular reports from chemi-

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ble to inspection, sources say. Why did the treaty negotiations take almost a quarter-century? Those countries that had poison-gas stockpiles were rejuctant to renounce them. Countries that felt threatened by neighbors possessing nuclear weapons, as well as some developing countries, claimed that chemical weapons were the poor man's counterbalance. Setting the limit to zero and aiming at universal adherence has been the final convincing argument. There will

be no difference between big powers and small nations.

Setting the limit to zero also creates a moral rule. As no country can

claim special status (a fundamental

difference with the Nuclear Nonproliferation Treaty), no transgressor may find all this academic. In fact, it

is central to the security of all.

The prohibition of these destruc-tive poisons is intended not just to protect single states or garden protect single states or nations, but to afeguard mankind. In the Far East, one of the most sensitive areas of the world, China, India, Pakistan, South Korea and Vietnam have signed the chemical weapons treaty. Despite Israel's ad-

herence, some members of the Arab

League (Libyz, Syria, Egypt, Iraq, Jordan) have not Intense negotia-

tions have been launched to induce

these governments to sign. Universal adherence to the treaty requires a breakthrough in that region.
Refusal by a handful of nations to join the ban would make it clear to all that those nations violate an internationally recognized taboo. International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: On Bathing Attive

DINARD, France - We have had several very hot days, which, however, have not interfered with the usual amusements. The mornings are taken up with bathing, or coaching and boating parties. As a rule the lady bathers wear "stays" while swimming, but are stockingless, and as a doctor remarked to-day: "Women should not swim in corsets. If they wish to appear shapely, in proportion to their waists, they ought to lace their ankles as well." In other words, the doctor thought that large ankles and uncovered legs were inconsistent with laced-up waists.

1918: A Suffragette Slate

RENO, Nevada — The credit for swinging Nevada into the rank of suffrage states is commonly given to Miss Anne Martin. Now Miss Martin and her associates have called upon the state to show its graritude

by naming her for the rest of the

term of the late Senator Newlands. What her treatment at the hands of the electorate will be cannot be judged, but her campaign is attracting a lot of attention. She was obliged to get her name on ballot by petition, and to get the signature she organized a corps of handsome young women to canvass the state.

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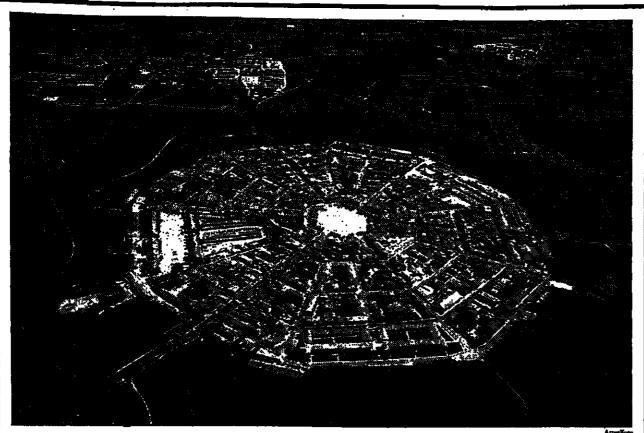
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1943: Mosquito Attack

LONDON — [From our New York edition:] British Mosquito bombers attacked Berlin last night [Aug. 19] for the fifth time in eight nights, while other British and Canadian planes ranged over western Europe. hitting airfields and railways and sinking or damaging three enemy vessels in the English Channel. One bomber was lost in the Berlin raid. Royal Air Force Mitchell bombers anded an enemy sireraft factory in Flushing, Holland, by daylight to-day, and other British planes ham-mered at the railway marshaling yards in Abbeville, France.

TAR



Aerial view of the geometric fortress town of Palmanova, on the Friulian plain east of Venice.

A Star of the Italian Renaissance

By Roderick Conway Morris International Herald Tribune

ALMANOVA, Italy - Ancient visionaries dreamed of constructing ideal cities on strict geometrical lines, but it was not until the Renaissance that anyone actually set out to build one. The most complete example ever to be realized was the star-shaped fortress city of Palmanova, the first stones of which were laid on the Friulian plain east of Venice on a gray rainy day 400 years ago this October. Still in a remarkable state of preservation,

Palmanova is marking its anniversary with two exhibitions (both open until Nov. 15), one in the town, which is in itself the prime exhibit, and the other at the nearby Villa Manin, the grandiose country house of Ven-

ice's last doge.

Palmanova's principal architect was the native-born Friulian Giulio Savorgnan, who had already spent a lifetime soldiering and designing fortifications for Venetian colonies in Cyprus, Crete, Corfu and Dalmatia, and later on the Italian mainland at Bergamo and Brescia. While Savorgnan's previous commissions had involved improving the defenses of cities, the Palmanova brief was to build from scratch on an empty stretch of

plain an ultra-modern fortress city. Angled and star-shaped bastions had already been developed in Italy during the 16th century to counter the effects of increasingly powerful and accurate artillery and to remov blind spots in defensive walls. But Palmanova presented an opportunity to harmonize the entire urban layout with its defensive perimeter. Thus the heart of the town took the form of a huge nine-sided piazza, with symmetrical streets radiating out to an exactly measured outer polygon, its nine sides linked by triangular bastions, creating a perfect star.

The first phase of this undertaking, which

required hundreds of thousands of cartloads of stone and thousands of workmen, took 30 years. Palmanova was supposedly a defense

By William Grimes

New York Times Service

disturbing. One untitled work certainly was for

Donna Ferrato, because it includes, without

crediting the source, four copyrighted images

photographic essay on battered women and

their children. The book was published by Ap-

Castro, is a collage on canvas with images

The work at the Whitney, by Eva Rivera

from her book "Living With the Enemy."

erture in 1991

EW YORK — The artworks in "The Subject of Rape," an exhibi-

tion at the Whitney Museum of

American Art. are intended to be



Design for the fortress city, which was begun 400 years ago.

against the Turks, but in reality it was intended more to deter the Austrian Habsburgs to the north (who vigorously protested, to no avail, its construction).

However, as the Villa Manin exhibition suggestively demonstrates, the Palmanova oject was guided not solely by strategic considerations. It was also strongly influenced by urban utopianism (not to mention a fascination with the zodiacal and mystical associations of perfect geometrical forms). The aim was to create a dazzlingly sophisti-cated showpiece to enhance the Venetian Republic's international prestige. And, in this respect, it was a resounding success. It was widely studied and admired (along with its other Italian prototypes), and inspired starshaped fortresses and city fortifications throughout Central Europe, Scandinavia and Russia for the next two centuries.

Among the sometimes very beautiful designs, drawings, perspective views and mod-els of Palmanova and its successors on display is a colorful, neatly executed star-fortress plan, signed and dated 1753 by the 12-year-old future Austrian Emperor Joseph

A triumph as a public relations exercise Palmanova was scarcely less formidable as a fortress, detering anybody from laying siege to it for 200 years. The first time it was to see serious action was during the Napoléonic Wars, over a decade after the fall of Venice in

As a city, Palmanova suffered the same difficulties as other "new towns," artificially created much later, did with successive garrison commanders lamenting the failure of the civilian population to grow to its projected size and local industries to take root, and deploring the plethora of hostelries and allied services ever-ready to relieve soldiers of their

The town is still a military headquarters, with some charming traditional osterias that serve Friuli's superb local wines and, just off the central square, an "American Bar" with a large tank of disconcertingly well-fed looking

NLIKE other star-fortress towns, whose geometrical contours have long since been blurred and obliterated by highway projects and within its original walls, making a wander along its now-deserted, grass-covered ram-parts, with their uninterrupted views over Friuli's rich agricultural flatlands, a rare and enjoyable experience.

It is encouraging, too, that a number of local and foreign architects have been sufficiently attracted by Palmanova's geometrical and historical mystique, and by the evident potential for imaginative development within its boundaries, to project plans to conserve and revitalize this now rather sleepy backwater - surely the only way that Palmanova's majestic, but now gently crumbling, stellar form can be saved.

The Subtle Glories of Drawings

ARIS - The pleasure of

simple art shows not intended to force some thealmost forgotten these days. It gives a refreshing quality to "Le Dessin Français" and its 124 works from the Pierpont Morgan Library hanging at the Louvre in the Cabinet des Dessins until Aug. 30 before returning to New York where the exhibition reopens on Sept. 15.

Add the spice of novelty and the pleasure becomes irresistible. Some

SOUREN MELIKIAN

weeks are discoveries pure and simple. The marvelous landscape in body-color by Jean-Pierre Laurent Houel which the library bought last year from the Galerie Cailleux had never been included in a public exhibition. Others have been out of sight for

so long that few would remember them after two decades or more. Such is the astonishing "Seated Figure of Faith," last seen in the great Ecole de Fontainebleau show great Ecole de Fontainebleau show two towering figures of French of 1972-1973 in Paris and Ottawa, painting in the 17th century. Pous-one is quite sure who did it. Primaticrio, who creat long treat in the stairs," the stairs, and ottawa is in the stairs, and ottawa is the stairs and ottawa is the stairs, and ottawa is the stairs and ottawa is the stairs, and ottawa is the stairs and ottawa is the s Primaticcio, who spent long years now in Cleveland, is a masterpiece in France, is a serious candidate. So for its combination of monumen-

anonymous artist meant to do. He the terseness of the preparatory started with the folded leg in sketch in which the features of the drapes and went on with the bust of faces have been left out. The thrust a woman. She is raising her forefin- in the movement, the abrupt conger in the gesture of teaching while trast of light and shadow gives it a the other fingers grasp a scroll, dramatic intensity enhanced by its which is unusual. On the closed starkness — there is no painterly hand, a chalice is perched, faintly outlined, as some afterthought. Deepening the mystery, the origieyes of a Roman marble. Beautiful working drawing projects a rare image of the Fontainebleau school,

one progresses through time. It is as temples and Greek maidens. if painting and drawing were dis-tantly connected arts following dif-the Tivoli sketchbook done beferent aesthetic trends. Nowhere does the Mannerist school of painting in its last gasp offer anything like the briskly allusive sketch by Jacques Bellange. "The Hunter tone harsh and bleak. Orion carrying Diana on his Shoulders" dates from the early 1600s. The few surviving pictures by Bel-

is Niccolò dell'Abate. And other tality and lightness, its sculptural names have been put forward.

A greater enigma is what the All this has little in common with

handling of surface here. In the ocuvre of Claude Geliee,

or Claude Lorrain as he is now nal head was cut out by the artist, known, the aesthetic abyss between to be replaced with the present one. the finished paintings and the It flashes a smile, with the unseeing drawings is, if anything, deeper. It drawings is, if anything, deeper. It is not easy to reconcile the conflictdespite its inconsistencies, this ing visions of the man who drew outdoors around Tivoli with a freedom and vigor anticipating much subtle and uncluttered by oma- of later 19th century art and of the nent. author of the painterly composi-This sums up the impression that tions, carefully balanced in shape comes across more forcefully as as in color, complete with classical

> tween 1639 and 1641 is in the show. Hills are nervously outlined in

Even when he proceeds to sketch fledged painting in view, the result fect, the puckish touch that are a tory studies for the "View of Del-delight to the modern eye in the pen and wash sketch.

tory studies for the "View of Del-phi With a Procession," dated foreat art reappears in the 19th century room. Some of it pays hom-The gap widens further with the the Louvre show. A line of shad- age to the eye of a great dealer.

outline of a classical structure can away. It all looks like a hazy memory from a dream.

Claude Lorrain's "Heroic Landscape," part of an exhibit at the Louvre.

The transformation process which led the artist away from the poetic evocations he consigned for himself in sketchbooks to his formal paintings intended for display is comes as a punch line. How great strikingly illustrated in a drawing Degas could be while still supposed which is a promised gift to the library from Eugene and Clare Thaw.

HE "Heroic Landscape" was sketched outdoors for the sake of the trees in the foreground. Behind, a plunging perspective is barely indicated. Back in his studio, Claude reworked his study, inserting an elaborate castello, and touching up a tree. The spontaneity of the first artistic impulse is lost. Art is about to give way to iconography.

Not many of the drawings that

follow stand up to Claude and Poussin. There are hosts of conventional, pompous works of the 17th and 18th centuries, from Le Brun to Van Loo to Quentin de la Tour, with a few brought down to conceal her degems strewn about. Fragonard's first thought for "La Récompense" has a touch of Goya-in-a-chirpy-mood to it. Hubert Robert's lighthearted sketch of a young woman elaborate compositions with a full- holding her baby is full of charm and surreal wit - a nondescript large are elaborate affairs with on paper belongs in a different ass-none of the brevity, the serial ef-thetic world. One of the prepara-carved on the entablature of a chimneypiece and beams at the baby. Great art reappears in the 19th

"Parc de Malmaison" which draws be made out, only just, very far on the 17th-century heritage with a greater awareness of nature, heralds the Romantic wave. Barye's "Tigress" rolling over her back is set in an imaginary landscape with a qua-si-fauvist feel.

The John S. Thacher beques to be an "academic" artist is best revealed in his drawings. His self-portrait in oil paper done around 1856 surpasses the more famous painting of 1855 to be seen in the Musee d'Orsay. It is one of the last masterpieces at the end of a 400-year line of European portraiture that starts in the Quattrocento.

His sketch of a "seated" woman who seems to be half kneeling, three quarters back, is perhaps the most beautiful of all. In a few pencil strokes covered by swiftly applied touches of peinture à l'essence, an atmosphere of unspeakable emotion is suggested through posture and light. A deep shadow falls over one side of the averted face, like a veil

If Impressionism was about light and the elimination of superfluous detail, this is it. Done around 1868 as a study for "Interior Scene (the Rape)," which can be seen in Phila-delphia, the study is as terse as it could be. This puts it in a very different league from the picture where the figure becomes a detail in the setting of a room.

Impressionism was born in draw-ings before its name was coined.

Tax Break for U.S. Museums

large part because a van Gogh portrait of Dr. Gachet is now on the wall of a Japanese collector instead of in the Metropolitan Museum of Art, the United States tax code has been substantially revised to encourage donations of artworks to museums instead of their sale on

Senator Daniel Patrick Moynihan, Democrat of New York, pushed through the change in the law, which President Clinton signed this month as part of the budget package.

Gifts to museums showed a huge drop in donations when a tax break for gifts to museums was deleted from 1987 to 1990, and then a sharp rise when it was temporarily restored during an 18-month with dow in 1991 and 1992.

When the break was taken away ASHINGTON — In in 1986," Moynihan said, "gifts of objects of art just dried up. Bang! They stopped.

> It is not just the big museums that lost donations under the old law, according to statistics gathered by the American Association

Last October, when the association made its survey, the Columbia Museum of Art and Gibbes Planetarium in Columbia, South Carolina, reported that it had received no gifts since the 18-month window closed on July 1, 1992. The Peabody Museum in Salem, Massachusetts, said gift-giving was "absolutely dry.'

In Rochester, the Memorial Art Gallery said that it had received just six gifts in 1990, when the alternative minimum tax was in effect, but 114 gifts during the window. In closed, it received two gifts. The Seattle Art Museum reported it had received 300 objects a month in May and June 1992. With

the window closed, it received seven last August. In 1986, when donors could give tax-deductible donations to museums without being put in the alternative minimum tax category, the National Gallery received 1,890 gifts and bequests. When the law changed the next year, the number of gifts fell to 247. During the win-

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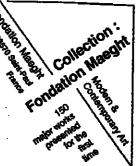
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arranged in horizontal bands. Along the top of the canvas are five identical photocopies of an image of a child pointing his linger angrily at a man who is being led away by the police. The image is a photograph that originally

appeared as a two-page spread in "Living With the Enemy" and, as described in the book's caption, depicts a boy denouncing his father, who is being arrested after beating the boy's

In Photo Bites, Who Owns the Images?

Three other images on the canvas appear to have been copied in red pencil from three other photographs in "Living with the Enemy." These photographs depict a crying woman, an injured woman with a neck brace who is lying on her back, and a woman lying on her back and cradling a child in one arm.

Ferrato, a photojournalist who has spent the last 12 years photographing battered women and children, said that the work by Castro was "painful to look at."

'That picture is pivotal to my work," she said, "because it shows the rage that children feel in abusive situations. This woman made five Xeroxes and plastered them on canvas." The line between artistic license and copyright infringement is not always clear-cut. The

visual arts have a long tradition of artists appropriating images and then altering them slightly, or placing them in a new context. In April, however, a federal appeals court in Manhattan upheld a ruling against the artist Jeff Koons for producing ceramic versions of copy-

righted postcard images of puppies. The director of the Whitney, David Ross, said the museum would investigate to deter-mine if a credit to Ferrato should be added to the wall label for Castro's work.

Harris, the Aperture editor, said that in addition to raising questions of copyright, Castro's work also raised troubling ethical questions about the women photographed by Ferrato.

"These women agreed to release their photographs because they knew how the photographs were going to be used," she said. "They didn't know that the images were going to wind up on a piece of art in the Whitney Museum in a show

BOOKS

BROADSIDES FROM THE most literary of bugs (loves books) OTHER ORDERS: A Book of Bugs

By Sue Hubbell. 276 pages. \$23. Random House.

Reviewed by Noel Perrin

THE number of really good L books about insects is small. Jean Henri Fabre, the great 19thcentury French entomologist. wrote several about wasps. Thoreau put one line passage about ants into "Walden." You can't count either Kalka ("Metamorphosis") or Don Marquis ("archy and mehitabel"), because neither was writing about real cockroaches. You can count William Jordan, the contemporary California entomologist. His book "Divorce Among the Gulls" gleams with good writing about genuine cockroaches and real alfalfa bugs

You can also count Sue Hubbell. She must be one of the two or three best writers-about-bugs now living. She is certainly one of the most various. "Broadsides From the Other Orders" begins with a chapter on butterflies. It goes on to one on gnats, then ladybugs, then dad-dy longlegs. Next that tasty treat for trout and menace for human beings, the blackfly. On to that the silverfish. It ends with came

crickets. Hubbell, once a librarian at Brown University and now a beekeeper in Missouri, made her reputation with two books that focus on bees. Both were drawn from her own experiences: starting a new life as a countrywoman, learning to

manage several million honeybees. "Broadsides" is necessarily less experiential, since the author has never kept millions of silverfish or dragonflies. But it is just as good as the two earlier books. Part of its fascination comes from the thousands of details that Hubbell knows about insects and their lives. I'm not sure which delights me more about katydids, for example: that they have their cars on their front legs — two ears on each leg or that the males are expected to provide lunch as part of courtship. Along with his sperm, the male offers "a nutritious protein snack."

But it is not in the picturesque details that the book's main interest lies. Hubbell has at least one and usually several stories to tell about each of the 13 species of insects she writes about.

About gypsy moths, for example, and leaving the fast eaters. And it she has three stories to tell. The prolonged the years of major infesmain one is the story of their intro-duction to the United States in ral controls—fungi. viruses, moth-

story of the Massachusetts Gypsy Moth Commission, which set out in 1890 to exterminate the by-then The Dimilin remains. widespread population of gypsy moths - and which apart from et. They outweigh us, too. For evcomplished nothing.

And the third? That takes place in Washington in 1989. Nothing has been learned in a hundred years. The gypsy moth has just arrived in force Control begins. "They sprayed us a little with Dimilin, a persistent chemical insecticide only slightly toxic to mammals, but somewhat more dangerous to crustaceans and other invertebrates. They sprayed us a lot with Bacillus thuringiensis," a bacterial insecticide harmless to mammals, but "tough on a wide variety

er insects. The results, of course, were much like those achieved by the Massachusetts commission in 1890. Spraying, Hubbell reports, achieved its two usual goals. It invigorated the gypsy moth popula-tion by killing off the weaklings and leaving the fast caters. And it

of butterflies, moths, and some oth

1868, part of a 200-year attempt to eating birds. Now, in 1993, the establish a domestic silk industry. natural controls have taken effect. The second is the absurdist but true Gypsy moth caterpillars are present, but in moderate numbers. The trees are safe. The spraying is over.

Bugs outnumber us on this planspreading some toxins around, ac- ery pound of human flesh, Hubbell says, there are 300 pounds of bug. You'll find the best 13 ounces or so in this book

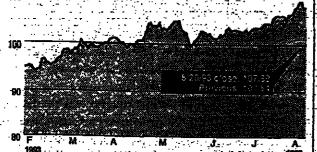
> Noel Perrin, the author of "Last Person Rural" and other books about country life, wrote this for The Washington Post.

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The Index tracks U.S. dollar values of stocks in: Tokyo, New York, The Index tracks U.S. copar venues of stocks and London, and Aristralia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zeeland, Norway, Singapore, Spain, Sweden and Switzerland. Zeeland, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the Index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific	Europe	N. America	1
Approx. weighting: 25%. Close: 127,99 Prev.: 127,15	Approx. weighting: 40% Close: 104.85 Prev.: 104.	Approx. weighting: 351 52 Close: 92.44 Prov. 93.2	X.
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Energy	105.17 105.07	+0.10	Capital Goods	103.27	10250	+0.75
Unides	114.92 114.13	+0.89	Rete Materials 3.	107.01	106.85	+0.15
Finance	118.93 118.60	+0:28	Consumer Goods	90.06	89.79	+0.30
Services	115.52 - 114.63	+0.78	Mecalianeous	109.76	110.07	-0.28

For readers desiring more information about the international Herald Tubune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Geullé, 92521 Neully Cedex, France:

ECONOMIC SCENE

The Antitrust Watchdogs **Go After Trade Restraints**

By Poter Passell New York Tones Service

Y EW YORK — Consparacies to restrain trade are illegal. So when, say, a tractor maker is caught leaning on retailers to keep the price of a new model above \$30,000 or frowning on one dealer who tries to take away business from another, it must be in trouble. Right?

Department has served

Not necessarily. Economists have never worked up much enthusiasm for untangling "vertical" restraints between producers and distributors, as opposed to "horizontal" restraints among sellers in

the same market And in the Reagan and Bush years, that ambivalence became official The Justice

But now Anne Bingaman, the new assistant attorney general notice that activism for antitrust, has served notice" that activism is back. In a recent speech to the American Bar As-

sociation, she rescinded the Justice Department's 1985 live-and-let-

is back.

sociation, she rescinded the Justice Department's 1985 live and letlive guidelines on vertical restraints, burying a policy that had
infuriated liberals in Congress. The big question — one likely to
keep antitrust lawyers rolling in BMWs for years to come — is how
much bite lies behind Ms. Bingaman's hark.

The century-old antitrust laws are remarkably vague (or, if you
prefer, admirably flexible) about what constitutes restraint of trade.

Almost everyone agrees that when sellers of competing products
gang up on buyers, the result is higher prices and slower innovation.

But there is no equivalent received wisdom about restraints along
the vertical chain running from products to consumer.

the vertical chain running from producer to consumer.

Robert H. Bork, solicitor general in the Nixon administration, fargues that it is absurd to make contractual constraints on retailers the fact that it is perfectly legal for a manufacturer to accomplish the same ends by distributing its own products. Why, for example, should it be a crime for Compaq Computer to mass that independent dealers sell a laptop for at least \$3,000 when Compaq can demand \$3,000 on direct mail-order sales?

Charles Rule, Ms. Bingaman's counterpart in the second Reagan administration, does not go quite this far, but does believe that vertical restraints deserve every benefit of a legal doubt. Free markets are not perfect, he acknowledges, but to second-guess marketing arrangements where there is no apparent conflict bemarketing arrangements where there is no apparent conflict be-tween producers and consumers is to imply that government knows

Manufacturers, he argues, have no interest in enriching dealers at the expense of consumers. Thus if they demand minimum retail prices, they are probably trying to weed out "free riders"— See ANTITRUST, Page 12

Wall Street: Running Into Trouble? Amid the Optimism, Many See the Makings of a Fall

By Kurt Eichenwald New York Times Service

NEW YORK -- So, when's the correction

That question is being asked more and more, particularly since the Dow Jones industrial average burst so easily through the 3,600 barrier this week. After all, as most market participants know, for every wild, bullish rise in the market there is eventually a jarring, bearish decline. The only unknowns are when

and how steep.

Many stock-market specialists say they exect the market to continue its healthy rise for the near future. But despite that optimism, many Wall Streeters agree that the groundwork for the fall is being laid.

The prospect for trouble, these experts say, comes from the very thing that has given stocks their recent healthy tise: the sharp decline in interest rates and the subsequent search by investors for higher yields.

As that search has grown more desperate, investors — from the individual with a handful of stocks to the most sophisticated institutions - have assumed more risk, loading up on securities that only months ago would not have won a second look.

"There are a lot of people in the last six months who have bought stuff they would months who have bought stuff they would not ordinarily buy," said one investment banker with a big investment firm, who spoke on condition of anonymity. "And no one is going to convince me that they all have read" the public regulatory filings that disclose risk. Jay Diamond, publisher of Grant's Interest Rate Observer, added, "There's a lot of yield

Dalike investing in more euphoric times, this drive toward increased risk is not the result of blind speculation. Rather, with interest rates at their lowest levels in decades. investors can no longer rely on certificates of deposit or other relatively safe investments. Instead, anyone searching for high returns must accept greater risk.

The latest market run-up has inevitably invited comparisons with the run-up five years ago that preceded the October 1987 collapse. But the market is quite different this time and is not experiencing the frothy per-formance it saw in the mid-'80s. For example, from January 1986 to August 1987, when the market reached its pre-collapse high, the Dow climbed more than 76 percent. But from

Moreover, the amount of cash investors have on hand to buy stocks this time around is much greater. In August 1987, mutual funds had enough cash to buy about two days worth of the dollar volume of stock trading, said Philip H. Smyth, an analyst with Birinyi Associates. Today, the funds have about seven days of buying power, meaning that if share prices drop, buyers are ready to swoop in and snap up bargains.

But as investors try aggressively to match the returns they enjoyed with higher interest rates, cash is increasingly moving into riskier offerings in virtually every marketplace.

People seeking high yields have created an almost perverse problem in the bond markets. The high demand for bonds increases the prices. Those higher prices cause lower high. yields because bond prices and bond yields move in opposite directions. So the dash to take on greater risks to get higher interest is ing the rewards of those risks.

That is creating events rarely seen in the bond market. When the Tennessee Valley Anthority recently sold two-year noncallable notes, they sold at the same yield as two-year Treasury notes. In other words investor de-

January 1992 through Thursday, the Dow grew only 13.8 percent, closing Thursday at 3,612.13.

Investors have been instally granted the TVA the same credit quality as the federal government. Investors have been increasing their risk by buying bonds with longer maturities, But with demand so heavy, the return paid for

> most negligible. For example, an investor who purchases a 100-year bond issued by Coca-Cola Co. is rewarded with a minuscule yield bonus of 80 basis points, or four-fifths of a percent, above the yield on a 30-year bond issued by the

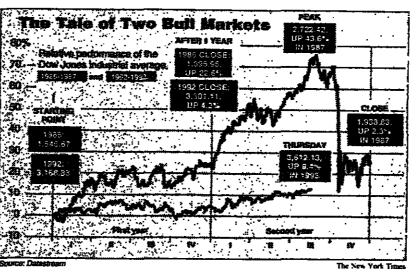
assuming longer maturities has become al-

federal government.
That kind of demand is letting debt-loaded corporations, like Rupert Murdoch's News Corp. and Time Warner Inc., come to market without having to pay significantly higher yields for the risk investors are assuming vestment bankers said.

"If issuers find the market is accepting riskier and riskier credits, then more risk will be introduced into the system," said Mr. Diamond of Grant's. "At some point, these marginal credits, which might not have seen market acceptance in earlier, saper times, could come a cropper.'

Risk also is gerting greater for investors as they concentrate their holdings. According to Charles Biderman, editor of Market Trim

See BULL, Page 10



China to Allow State Firms to **Make Decisions**

ing powers by the year's end, an first half of 1993, only fractionally official newspaper said Friday, announcing a key new step toward making the debt-ridden sector answerable to market forces by 1998. The central government has "de-

cided to delegate, before the end of this year, all decision-making powers to the enterprises," the China to move more boldly, fearing that Daily said.

But the paper revealed that there was stiff resistance to the imple-mentation of year-old regulations aimed at guiding the market transformation, in part because some government bodies were reluctant to surrender their powers.

Enterprises were also taking a passive attitude. "If the economic reforms are to

succeed, the focus of the government's efforts must be the reform of the operating mechanism, or management, of state enterprises." the newspaper said. The work, despite admonitions from the central government, has been overlooked or even shelved by some local authorities," it said.

"Many decision-making powers - the basic contents of the regulations - continue to rest in the hands of some local governments and fail to reach the producers."

the newspaper added.
Vice Premier Zhu Rongji, who is leading economic changes, says that enterprise reform is of funda-

On Tuesday, the official media announced that only profit-making state enterprises would be allowed to raise wages and bonuses, and warned that state firms that fail to repay their debts will face the loss of government subsidies.

A year after Beijing adopted the

BEUING — Beijing is to grant cent of state-owned companies were state enterprises full decision-mak-reported to be unprofitable in the reported to be unprofitable in the

> down on the same period last year. The state sector lost 25.9 billion yuan (\$4.5 billion) last year, causing a large drain on government finances and representing an obsta-

cle to increasing market forces. The government has so far failed such action would set off labor unsocial-security system and accom-panying reforms in the financial

■ Tax Crackdown Urged Tax officials have asked China's central government to enforce a stricter tax policy that would eliminate tax breaks for foreign and domestic investors, according to the China Daily, Bloomberg Business

News reported. Yang Chonghun, deputy director general of the State Taxation Administration, said that the liberal tax policy and poor enforcement had cost the state huge amounts in lost revenue. This loss could thwart Cnina's economic progress, the newspaper said.

Local governments have violated the state's tax policy in recent years to encourage foreign investment, the newspaper said.

Mr. Yang said local governments that continued to violate state tax policy would be punished and added that the state would make a special effort to ensure local businesses and joint ventures involving foreign companies paid their taxes.

With Beijing trying to reduce the state's role in the economy, local governments have increasingly struck out on their own to attract

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Cadbury Expands Its Stake in Dr Pepper to 26%

By Richard W. Stevenson New York Times Service

LONDON - In a deal that tightens the links between two of the world's largest soft-dink companies. Cadhury Schweppes PLC said Friday it had agreed to purchase Prudential Insurance Co.'s 20.2 percent stake in Dr Pepper/Seven-Up Cos. for \$231.3 million. Up's shares at \$19 each, and brings Cadbury's holding in the company to 25.9 per-

cent of outstanding shares.

Cadbury said it had not ruled out further increasing its stake in Dr Pepper/Seven-Up, which went public earlier this year at \$15 a share. But the British soft-drink and candy company said it had no plans to do so, and that it was discussing with Dr Pepper/Seven-up the possibility of an agreement not to antitrust approval in the United States

up \$1.875, in heavy trading on the New York Stock Exchange.

Firm Ball, a spokesman for Dr Pepper/Se-en-Up, said the Dallas-based company was wen-up, said the Dallas-based company was "very pleased that Cadbury Schweppes respects us enough to pay \$19 a share." He said the price represented "confidence in our ability to generate good operating profits and good volume increases."

and Dry, Crush, Hires and other beverage brands, said it hoped the deal would lead to more cooperation with Dr Pepper/Seven-Up. Cadbury already held a 5.7 percent stake in Dr Pepper/Seven-Up. The American company produces most of the soft-drink

Prudential, which helped finance the management buyout that created Dr Pepper/Se- United States and distributes some of them ven-Up in 1988, said earlier this month that to restaurants.

to antitrust approval in the United States. buy any more shares.

Dr Pepper/Seven-Up's shares rose last year, Dr. Pepper/Seven-Up is the third-sharply on news of the deal, closing at \$19, largest soft-drink company in the United States after Coca-Cola Co. and Pepsico Inc. our investment both in this company and in Cadbury, with a 3.4 percent share, is fourth. the U.S. soft-drinks industry."

Cadbury, which owns the Schweppes, Cancompany produces most of the soft-drink concentrates for the Cadbury brands in the "Dr Pepper/Seven-Up is a well-managed, fast-growing business with strong brands," said Dominic Cadbury, the British company's chairman. "We regard this as an excellent opportunity to increase substantially

from its investment in Dr Pepper. It initially invested \$21 million in Dr Pepper in 1986 for a 17 percent stake. Since then, as Dr Pepper merged with Seven-Up, underwent a management buyout and sold its shares once again to the public, Cadbury has received \$117 million in cash payments while retaining a 5.7 percent stake.

comparable to Prime-1, but bidders for the company's outstanding obli-

gations due in one month were said

to be asking for a 3.25 percent annu-

al yield after the downgrading up

from about 3.15 percent before.

David Harrah, an IBM spokes-

man, said the company did not

expect the downgrade to freeze it

out of the commercial paper mar-ket. "We understand that it will

increase our borrowing costs, but

we feel we can operate with the

percent issue due in 2002, for ex-

ample, fell to 106.40 from 106.43,

raising its yield to 6.32 percent from 6.31. IBM stock was un-

The company has taken more than \$28 billion in restructuring

"You've got to liken IBM to an ocean liner that's trying to turn around," said John B. Jones Jr., Sal-

omon Brothers Inc.'s computer analyst. He said IBM's sales of personal

computers, workstations, software,

minicomputers and contract ser-vices account for about 60 percent

its revenue and should grow about 9

percent this year. But he added that

the remainder, which includes main-

frames, continues to shrivel and lose

(Bloomberg, Reuters)

charges in the last six years.

IBM bonds edged lower. A 7.25

ratings where they are."

changed at \$43.

Pay Deal Reached Compiled by Our Staff From Dispatches

Sabena

BRUSSELS - Three unions representing workers for Sa-bena, the Belgian national carrier, accepted Friday an austerity plan that includes wage cuts of up to 17 percent, and Chairman Pierre Godfroid said he would stay on the job.

The austerity package pro-posed by Mr. Godfroid aims to keep Sabena in business by saving 5.5 billion francs (\$155 million) over three years. Sabena's three most impor-

tant unions agreed in principle to the plan, reversing the rejec-tion by the carrier's 10,000member work force in an Aug.

Not taking part in any negotiations, however, are Sabena's 470 pilots. Their spokesman said Friday that if the austerity plan were adopted, the pilots would take work-to-rule

or strike measures. Mr. Godfroid had offered to step down after the referen-dum, but the board held his resignation in abeyance for two weeks to allow for more talks with three principal

Sabena's losses this year are expected to amount to almost

In addition to 1.1 billion francs in wage cuts, Mr. God-froid will seek 900 million

francs in savings through lower social-security charges. The Sabena ombudsman, Patrick Dubois, said that the

second phase of the restructuring plan would focus on the proving productivity. Air France has a 37.5 percent stake in the ailing Belgian

(AP, Reuters)

Commodity Exchange Accepts Nymex Bid

NEW YORK - The Commodity Exchange of New York said Friday that its board of governors had agreed in principle to accept a \$50 million merger offer from the New York Mercantile Exchange-

If the bid gets final approval, it would mark the end of an cight-month takeover battle that featured four proposals from the Nymex and bids from the Chicago Board of Trade and the Coffee, Sugar & Cocoa

Under the agreement, Comex-members would get \$50 million. About \$15 million would come from the Comex's cash on hand, and \$20 million would be paid in installments of \$5 million each, plus interest, over the next

The full boards of both ex-changes and their members must approve the final agreement.

would remain separate, the Co-mex said. Comex contracts would be available on Access, the Nymex's after hours electronic trading system launched

The Comex is the world's largest precious-metals ex-change, trading futures and options on gold, silver and copper. The Nymex trades crude-oil

and oil-product futures and options, as well as platinum, palladium and natural gas futures stration true The Nymex made the \$50

million bid on Aug. 3. It initially offered \$10 million, and subsequently raised the amount to \$20 million and \$45 million. The Chicago Board of Trade

made the first offer for the Comex in January. That bid was withdrawn April 20.

It was the second time Moody's

NEW YORK -- Calculating that IBM's problems will get worse be-fore they get better, Moody's Inves-tors Service lowered ratings Friday on \$28 billion of the computer company's debt and preferred stock. cut its ratings on International Business Machines Corp.'s debt since March 1992, when it took away the

top Aaa grading on long-term debt The agency now rates IBM's senior debt A3. down from A1, and its preferred stock was cut to Baal from A3. The new senior rating for IBM and several subsidiaries is the bottom of the class considered upper medium grade, while the preferred stock is now at the the top of the medium class, the lowest con-

sidered to be investment-grade. Moody's said it changed the ratings because IBM's profits and ability to service its debt would be under pressure while the company sought to wean itself off the dwindling mainframe sector of the com-puter industry. "There's increased

business risk, increased operating risk and financial risk for IBM," said Craig Fitt, analyst at Moody's. "Debtholder protection measures have weakened," he said. Standard & Poor's Corp.,

Moody's Lowers IBM Ratings

Moody's chief rival, rates IBM's senior bonds A. The Moody's downgrade therefore cut IBM from slightly higher than the S&P rating to slightly lower. Friday's move will have the biggest impact on short-term borrow ings. For the first time, Moody's

cut ratings on the company's shortterm debt, lowering it to Prime-2 from Prime-1. That means IBM almost certainly will pay higher rates as it rolls over its \$8 billion in in the next few months. Money-market mutual funds, key

investors in the market for the shortterm unsecured instruments, are not allowed to buy much commercial equivalent at other ratings agencies.
Standard & Poor's still gives
IBM's paper its A-1 rating, which is

Rexrodt Claims Progress In Quieting VW-GM Feud

Renters lower the profile of their dispute. It began when Jose Ignaciao Lopez de

Mr. Rexrodt met with Ferdinand Piech, chairman of the VW management board, and with Klaus Liesen, the supervisory board chairman, on Friday. That followed a similar meeting on Tuesday with the chair-man of GM's German subsidiary Adam Opel AG.

After the Friday talks, Mr. Rexrodt said he would meet the heads of the carmakers again next week. "It was a conversation that encourage me," Mr. Rexrodt said. "Talks with both sides will be continued. I could imagine an agreement can be reached in which the issues will be discussed with a different language and in a less public way."

The German government has been trying to get the automakers to

Gilnter Rextodt said Friday he Arriortia left his job as GM's prothought he could get Volkswagen
AG and General Motors Corp. to
mute their war of words over
charges of industrial espionage. duction chief in March, taking a

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CURRENCY & INTEREST RATES

Continued from Page 9

Tabs, a market newsletter published in Santa Rosa, Calif., the money being poured into stock mutual funds is no longer coming just from traditional savings. Rather. investors searching for yield are

N.Y. Stocks

taking money out of insurance and other investments to reallocate more cash into the stock funds. With so much cash available. companies that earlier might not have come to market are easily selling securiues. "It looks like people

are buying anything out there." Mr. Biderman said. For example, Wall Street was abuzz Thursday about CVD Financial, which went public. The com-pany raised \$57.5 million in cash from investors eager to own its stock, even though it was merely a blind pool and had not specified how it would invest the money.

■ Dow Edges Higher

U.S. stocks closed mixed as a late burst of computer-driven buy orders tied to the expiration of August option and futures contracts offset a slide among automobile, beverage, drug and health-care is-

sues, Bloomberg Business News reported from New York.

"After setting records for four

age nonetheless managed to set another record, edging up 3.35 points to 3.615.48. as computer-driven buy orders added about 16 points utes of trading.

best this week did the worst today," Mr. Andrews said. For example. PepsiCo Inc. fell 1 to 39%, Bristol-Myers Squibb Co. declined 4 10 56%, and Kellogg Co. slid 1% to

Fisher-Price Inc. scared 81/8 to 32 after Mattel Inc. announced plans to acquire the toymaker for stock. Mattel advanced 11/2 to 271/4.

Automobile stocks plunged after an analyst at Salomon Brothers

Adobe Systems Inc. declined 2½ to 2115 on concern about slowing

Continued from Page 1

fears of a sharp fall in the dollar, which had begun weakening against the Deutsche mark following Thursday's bigger-than-expected U.S. June trade deficit. The timing for intervention was also

Foreign Exchange

perfect, coming just as the trade figures led many currency traders

to sell the dollar short. The dollar closed at 104.45 yen in Tokyo on Friday, up from 101.35 Thursday, It ended at 104.20 in New York trading.

If Prime Minister Monihiro Hosokawa's pledges to deregulate the Japanese economy have created a more palatable political atmosphere for Fed intervention, the United States may be more likely to act again to stem another rapid rise in the yen. But its efforts may be less effective next time around. Economists say Japan's whopping trade surplus - on track to top \$150 billion this year — will contin-

ue to drive the yen higher.
"Will this stick? I don't think so," said Robert Alan Feldman, economist at Salomon Brothers in Tokyo. This will send speculators to the sidelines for a few weeks at most. But they'll be back - the fundamentals haven't changed."

The yen will rise into the 90s to the next few months,

the dollar in the next few months, before weakening to 105 early next year, he predicted.

The Japanese government, acknowledging that the economy is in far worse shape than the previous administration was willing to admit, has begun the long process of building consensus for additional pump-priming measures.

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straight days, the market was due for a break," said James Andrews, head of institutional trading at Janney Montgomery Scott Inc.
The Dow Jones industrial aver-

to the average in the final 10 min-"Stocks that have been doing the

Inc. cut his earnings estimates for Chrysler Corp., which fell 1% to 41%. General Motors Corp. declined 34 to 44% and Ford Motor Co. lost 1% to 49.

sales of computer printers.

YEN: In U.S. Action, Nod to Tokyo One proposal being considered is

to grant more than I trillion yen (\$9.5 billion) in income and other tax reductions. The cuts would be financed by streamlining government operations and expenditures.

an idea economists rejected as vishful thinking. There would also be efforts to promote deregulation of the economy to share the benefits of the strong yen with consumers. The first target could be the domestic tobacco industry, an apparent sop to the U.S. cigarette companies. which are seeking overseas markets

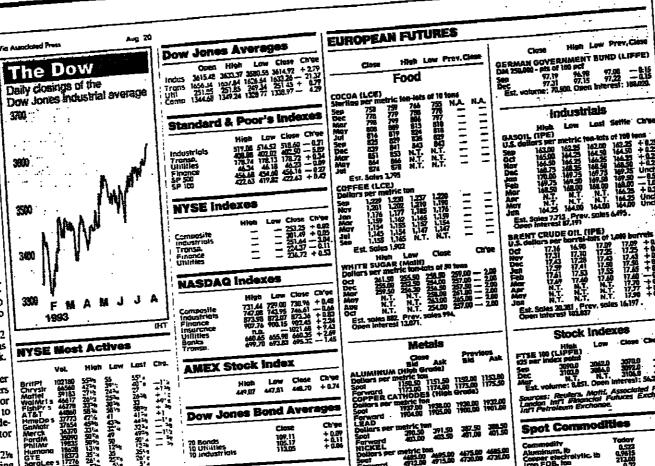
as "no smoking" signs proliferate These ideas, however, are little at home. more than a trial balloon in an internal debate that is far from complete. The coalition, trying to tackle political reform at the same time as the rising yen forces it to attend to the economy, is far from reaching consensus.

■ Dollar Eases in U.S.

While the dollar dug in its heels against the yen on Friday, holding on to most of Thursday's gains, it declined against most European currencies, news agencies reported

from New York. The dollar ended at 1.6748 Deutsche marks, down from 1.6874 DM on Thursday; at 1.467 Swiss francs. down from 1.486; and at 5.8375 French francs, down from 5.8933. The British pound firmed to

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, AUGUST 21-22, 1993



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Market Sales AMEX Most Actives N.Y.S.E. Odd-Lot Trading

34% 1167 46% 36% 150 37 37 40% 61% 150 22% S&P 100 Index Options NYSE Diary 983 977 945 1307 1317 151

Amex Diary

NASDAQ Diary

Competition Seen for 3DO

Compiled by Osa Sieff From Dispatches SAN FRANCISCO - Nintendo Co. and Silicon Graphics Inc. were said Friday to be planning a high-end video-game machine that would compete with the system planned by 3DO Co.

Nintendo and Silicon Graphics are holding a

with the system planned by Solding a joint news conference on ado and Silicon Graphics are holding a joint news conference on a native state of the system o

Nintendo and Silicon Graphics are holding a joint news conference on Monday, analysts said, where it was expected Nintendo would announce it was using Silicon Graphics' speedy chip and its three-dimensional software for a powerful new system.

3DO's stock was down S4, at \$26, on Friday. An advanced machine from 3DO's stock was down S4, at \$26, on Friday. An advanced machine from Nintendo would make it hard from 3DO to establish a dominant software Nintendo would make it hard from 3DO to establish a dominant software standard for multimedia. The lack of a standard means CD-ROMs that work on one machine do not work on others.

(Reuters, Bloomberg)

U.S./AT THE CLOSE

Ameritech to Shed More Managers

CHICAGO (AP) - Ameritech said Friday it would eliminate the jobs

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Market Guide

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of 7 percent of its management employees by the end of the year as part of its restructuring of the regional telephone company.

The 1,200 to 1,500 employees who will lose their jobs are in addition to the 3,500 managers cut during the last year. Ameritech is eliminating the geographic segmentation of its operating companies and instead the geographic segmentation of its operating companies, requiring organizing divisions to handle different kinds of business, requiring fewer managers.

fewer managers.

William L. Weiss, the Ameritech chairman and chief executive, said the latest layoffs were the "final phase" of the restructuring.

Ipalco Warns PSI on Board Election

INDIANAPOLIS (Bloomberg) — Ipalco Enterprises Inc.'s management said Friday it would recommend that the utility cancel its \$1.73 ment said Friday it would recommend that the utility cancel its \$1.73 billion bid to buy PSI Resources Inc. if PSI shareholders fail to elect its nominees to the PSI board.

Ipalco, parent of Indianapolis Power & Light Co., launched a hostile bid to acquire PSI for \$1.6 billion in March. Earlier Friday, PSI, Indiana's bid to acquire PSI for \$1.6 billion in March.

one wasquire ross for \$1.0 minon in march, raries rireay, rost, indiana's biggest utility, said it wanted to continue with a friendly merger planned with Cincinnati Gas & Electric Co.

Farlier in the week Indian housted its offer to \$20.50 a characteristic offer t with Cincinnati Gas & Flectric Co.

Earlier in the week, Ipalco boosted its offer to \$30.50 a share to beat CG&F's offer, which is worth \$28.77 a share, or \$1.64 billion. Both companies are attempting to woo shareholders to back their plan in advance of PST's annual meeting, on Monday. There, PSI holders will fill five seats on PST's 14-member board with candidates nominated either by PSI management or Iraboa's management.

PSI management or Ipalco's management. Thrift Figure Released From Prison

I NFIII FIGURE Released FTOIN FISON

LONDON, Ohio (AP) — Marvin Warner, 74, former owner of Home
State Savings Bank, has been released from prison after serving two and a
State Savings Bank, has been released from prison after serving two and a
Name was blamed for contributing to a statewide banking crisis in
Warner was blamed for contributing to a statewide banking crisis in
1985 that left 70,000 depositors without access to their money for three
months. He was convicted in 1987 of committing unauthorized banking
months. He was convicted in 1987 of committing unauthorized banking
acts and securities violations and sentenced to three and a half years,
acts and securities violations and sentenced to three and a half years.
The prosecutor, Lawrence Kane Ir., said he would not try to collect the
S12.2 million in restitution that Mr. Warner owes the state. "As far as we know, Warner has no resources," Mr. Kane said.

Dart Chief Sells Majority Stake to Son WASHINGTON (Remers) - The chairman of Dart Group, Herbert WASTINGTON (Realers) — The charman of Dart Group, Herbert Haft, has sold his majority stake to his son Ronald, the company said on Friday in filing with the Securities and Exchange Commission.

Mr. Haft sold 172,730 class B common shares for \$80 a share, or \$13.8 million. After this and other transactions. Recald Haft hald nation shares. million. After this and other transactions, Ronald Haft held voting shares equivalent to 79 percent of the class outstanding, according to the filing.

Heinz Sells Rice Unit to Quaker Oats

CHICAGO (Combined Dispatches) — Golden Grain Co., a subsidiary of Quaker Oats Co., has acquired the Near East rice business of H. J. Heinz Co. for an undisclosed amount, the companies announced Friday. The acquisition includes the Leoninster, Massachusetts, plant where The acquisition includes the Leoninster, Massachusetts, plant where The acquisition includes the Leoninster, Massachusetts, plant where The acquisition includes the Leoninster, bear East line. Golden Grain, Pittsburgh-based Heinz manufactured the Near East line. Golden Grain, with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, is best known for its Rice-A-with headquarters in Pleasanton, California, Ca Rami and Noodle Roni product lines.

ann and recome Kom product mass. Heinz said it had decided to sell the Near East business because it no longer fit into the company's overall strategic plan.

For the Record

General Electric Co.'s jet-engine division said it would eliminate 4,000 jobs, on top of previously amounced cutbacks, because of reduced orders, unions sources had said earlier 2,000 jobs might be lost. (AP) Alan Ladi Jr. has signed a three-year movie-producing deal with Paramount Pictures after being ousted last month as head of MGM. Ladd's credits include "Thelma & Louise," "Moonstruck" and "A Fish Ladd's credits include "Thelma & Louise," "Moonstruck" and "A Fish

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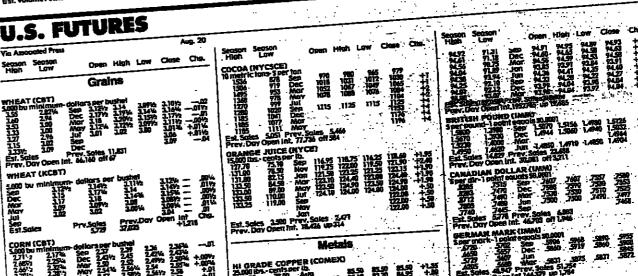
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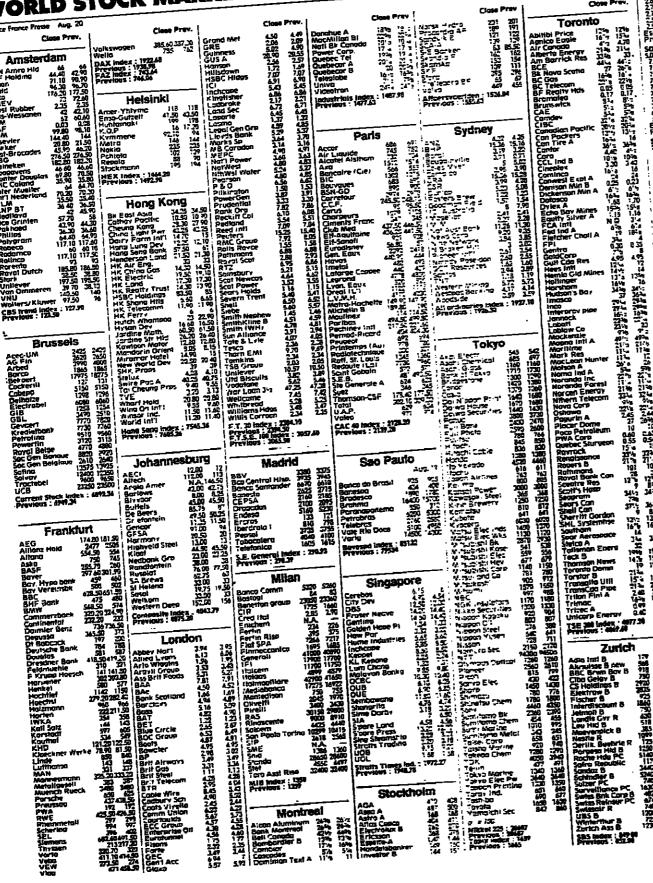
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REVERSE STOCK SPLIT



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In German East, the Future Calls

Updating Phones Typifies Infrastructure Problems

By Rick Atkinson Servician Space Tropic Commany's past from Fastern Germany

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in barges, and a majority of locks are at least less received priority attention. An efficient

ecommunications system. I a federal trade deciment noted more than a year ago, "represents the key to East Commeny's economic recovery." Telekom, the national phone mo-The fourth floor of the telephone company and channent noted more than a year ago, "sep-building in northeast Berlin is a relie from an "receive the key to East Canneny's economic earlier age. Row upon row of mechanical provery." Telekom, the nanional phone mo-switches, built in the 1936s with 1936s there. 1000ly, is Lastern Germany's largest inves-

possible to see why Pastern Germany may be soon have the most modern belighing system in Europe. The room is quite expectative a pleasant him. New there opin cables that it is a subscribed after the across the floor, with new data fairs and complete in such as fairs and complete in the same should be found to be problem now," said Defice would be finished this year. The number of lines between Eastern and The same holds true throughout what was a bloom to floor, it is followed by the said of the problems and pointing and the same holds true throughout what was a bloom to floor and the problems and pointing said to command the problems and pointing said to command the problems and pointing said the command that the same holds true throughout what was a bloom to floor the problems and pointing said pointing to extend the problems and pointing said pointing to recogning the cold with the given a place of trying to rebuild a country three pears of German understanding the fill of the problems and pointing the said to complete the cold with the given and the problems and pointing the many of the problems are supposed to the problems and pointing the many of the problems and pointing the many of the problems and pointing the many of the problems and pointing the problems and pointing the problems are supposed to the problems and pointing the problems are supposed to the problems and pointing the problems are supposed to the problems and pointing the problems and pointing the problems are supposed to the problems and pointing the problems are supposed to the problems and pointing the problems and pointing the problems are problems and pointing the problems are problems and pointing the problems and pointing the problems

old, including a facility built in Caputh in 1926 through which Albert Einstein's calls were routed before he emigrated to the Unit-Two-thirds of all phone wires in the east

were pre-World War II vintage. Given the pressure, the old eastern phone company had little incentive to modernize. Customers waited anywhere from 10 to 17 years for a telephone. Even those lucky enough to have a phone sometimes needed hours it not days to out a call through.

Divided Berlin had special problems. All lines between the two halves of the city were severed in 1952. This "telephone wall" coming nearly a decade before the concrete Wall - remained until 1971, when 10 opera-

Switerland Sets **Spending Cuts** To Trim Deficit

Compiled by Our Staff From Dispatches

BERN - Switzerland announced plans Friday to slash its growing budget deficit, saying it would pro-pose widespread measures to curb a sharp rise in federal spending.

The government cited the influences of the European recession. such as rising unemployment payments and sharply lower revenue.

"Including expected deficits from cantons and communes, the state budget deficit could rise to product by next year," the ruling Federal Council said. "Switzerland is thus in danger of losing its reputation as an island of stability in public finances."

The government said proposed measures, which would entail reduced spending in all departments, could trim 1.4 billion francs (5948.2 million) a year from the deficit until 1996 and 1.8 billion francs a year

port would also be sharply reduced. are possible. Other areas targeted include for-

eign aid and information. To boost income, the government is supporting introduction of a 6.5 percent value-added tax. The Swiss electorate will vote later this year on whether to use the VAT to Bank Corp. index falling 3.5 points, replace the current primary tax to 848.50. source, a 6.2 percent sales tax.

The sovernment wants to into-

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duce VAT to bring Swiss taxation into line with European Community norms but voters have already rejected it three times.

"Even if both the proposed savings and the 6.5 percent VAT are ap-proved, federal finances will remain heavily in deficit until 1997 and probably beyond, despite far from pessimistic forecasts over the future economy," the government said.

The Finance Ministry said earliover 3 percent of gross domestic er this month that Swiss public finances had worsened dramatically.

> It said the 1993 budget deficit could top 6 billion francs, or about double the 3.1 billion francs originally budgeted. Last year, the gap grew to a record 2.9 billion francs from 2 billion in 1991.

The Federal Council, a seven member executive body, will put its proposals to the Federal Assembly, the legislature, in late September. The measures would take effect The cuts would hit defense hard-next year. If they are accepted, the est, with 800 million francs of pro-posed spending reductions from deficit could be kept down to 5.4 billion francs by 1997. Otherwise, posed spending reductions from billion francs by 1997. Otherwise, 1994 to 1997. Expenditure on trans-

> Swiss financial markets showed little reaction to the proposals. Bond prices were unchanged to slightly higher, even though the government plans increased borrowings. Stocks fell, with the Swiss

> > (Reaers, AFX)

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Investor's Europe

Very briefly:

Volkswagen AG said it would cut 3,000 more jobs than originally planned at the parent by the end of 1994, bringing total job losses to some 15,500. The cuts will come through early-retirement programs.

• West German industrial-production prices rose 0.1 percent in July from June, but fell 0.2 percent from a year earlier. The Bundesbank, me while, said gross monetary reserves were practically unchanged at 158.1 billion Deutsche marks (\$93 billion) in the second week of August

 INSEE revised downward figures for French economic activity during the first quarter. It said GDP declined 0.7 percent in real terms from the fourth quarter of 1992, versus an initial estimate of a 0.5 percent decline. Swedish unemployment continued to increase, hitting 9.6 percent in

July, up from 5.8 percent a year earlier and from 9 percent in June. Saab-Scania AB, a subsidiary of Investor AB, said its profit in 1993 would be substantially lower than in 1992, when net totaled 716 million kronor (\$89.5 million).

Winterthur, the Swiss insurer, has bought a block of 349,300 shares in Banque Bruxelles Lambert, increasing its stake in the Belgian concern to 7 percent, a market source said.

AFP, AFX, Revers, Knight-Ridder 7 percent, a market source said.

ERM Turmoil-Boosts Belgian Derivatives Market

BRUSSELS - After three years of slow, messy hatching. Belgium's futures and op-tions exchange is finally spreading its wings. Belgium had been the odd country out in European derivatives trading. Its market was small, and local investors did not want to get

involved with unusual instruments. Now, however, the baby Belgian exchange, called Belfox, says daily trading in Belgian options will grow tenfold, to \$50 million, by the end of next year. The value of daily frade in government bond frames is espected to grow to \$2 billion from \$165 million consents. to \$2 billion from \$165 million correctly.

Bellox is one of several beneficiaries of the recent turnoil in European currency mat-kets, a summer storm that has followed on the near-collapse of the European Monetary

ties wanting to guard against swings in cur-ties wanting to guard against swings in cur-rancy rates are beginning to turn to the kind of products offered by derivatives exchanges. The Belgian exchange does not have the potential to grow to the size of the London, Patis, Frankfurt or Amsterdam derivatives

markets. But it is following several of these bountes by moving into electronic trading and exploring links that would let traders throughout Europe deal in Belgian derivatives.

Even without these alliances, Belfox is

assuming interest among Europe's large fi-nancial firms, investors say, because of grow-ing made in the Belgian securities markets. Prices of Belgian stocks have risen 20 per-cent since the beginning of the year. Mean-while, the Belgian debt market is growing thanks to the government's penciant for ing. Belgian debt stands at 8.9 trillion er exchanges, are on the drawing board.

9 percent government bond due in 2003 berisk-hedging derivatives look appealing.

In the battle for a slice of the European derivatives market, Belfox believes its ATS/2

Three-and-a-half years ago, Belgium had

Belgian francs (\$249.82 billion), or 125 percent of gross domestic product. A year ago, it

Belfox needs to implement several other Instability has accompanied growth in securities trading. Fluctuations in the central bank's lending rates and swinging currency values have tossed the yield on the benchmark.

Jos Schmitt, general manager of Belfox, conceded it had obstacles to overcome before tween 7.0 percent and 7.92 percent over the it achieved the credibility possessed by Eulast six months. Under the circumstances, rope's established derivatives exchanges. But he said Belfox, and Belgian financial markets in general, had already come a long way.

screen-trading system will help it compete, no derivatives market. The government bond The system currently only quotes trade on market was illiquid. There was no secondary Belfox, but an exchange spokesman said expansion plans, including affiliations with other were issued on an irregular basis.

Turkey Unveils Export Plan

ISTANBUL - Turkey, relying increasingly on exports for economic growth, unveiled a package of measures on Friday to keep it on course for a 1993 export target of \$17 billion.
The \$600 million package,

designed to make up an antici-pated \$1 billion shortfall, includes loans, cut-price energy and raw cotton, and extra flights to Western Europe to get around closed road links in former Yugoslavia. "Exports will be the locomotive of our economy," said Turkish Trea-sury chief, Osman Unsal.

Tunnel Dispute in Arbitration

"fabricated" the dispute.

PARIS — Eurotunnel SA, the available to railroad companies on the basis of fees linked with traffic said Friday that it had filed a revolume and allowing for operating quest for arbitration of its dispute costs. It also lays down the railroad companies obligations with respect system, known as SNCF, and Brit-ish Rail over rail use in the future tunnel via their networks.

But Eurotunnel thinks the exist-British Rail said Eurotunnel had ing agreement can no longer main-fabricated" the dispute. tain a balance in the respective ad-The existing agreement on rail use vantages anticipated by the parties in the tunnel provides that half of when it was signed.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

ANTITRUST: The U.S. Watchdogs Go After 'Vertical' Trade Restraints A more radical view (if not policy prescrip-

ASSESSED OF THE PARTY OF THE PA Continued from Page 9 discounters who leave the costly tasks of demonstrating and servicing products to high-price

The Supreme Court, says Lawrence White of New York University's Stern School of Business, has ruled that overt resale price maintenance for any reason violates the Sherman Antitrust Act. But the Justice Department may still decide which vertical price-fixing arrangements to challenge, and there is no comparably clear legal doctrine about which nonprice ar-

restraint cases to the Federal Trade Commission and the states.

But conservatives may not have the last intellectual word on the subject. Until the 1980s, points out Robert Pitofsky, a former commissioner of the FTC who now teaches law at Georgetown University, it was generally assumed that vertical restraints were forced on manufacturers by dealers - not the other way

Department stores selling a heavily advertised brand of cosmetics might, for example, insist that interlopers be prevented from selling

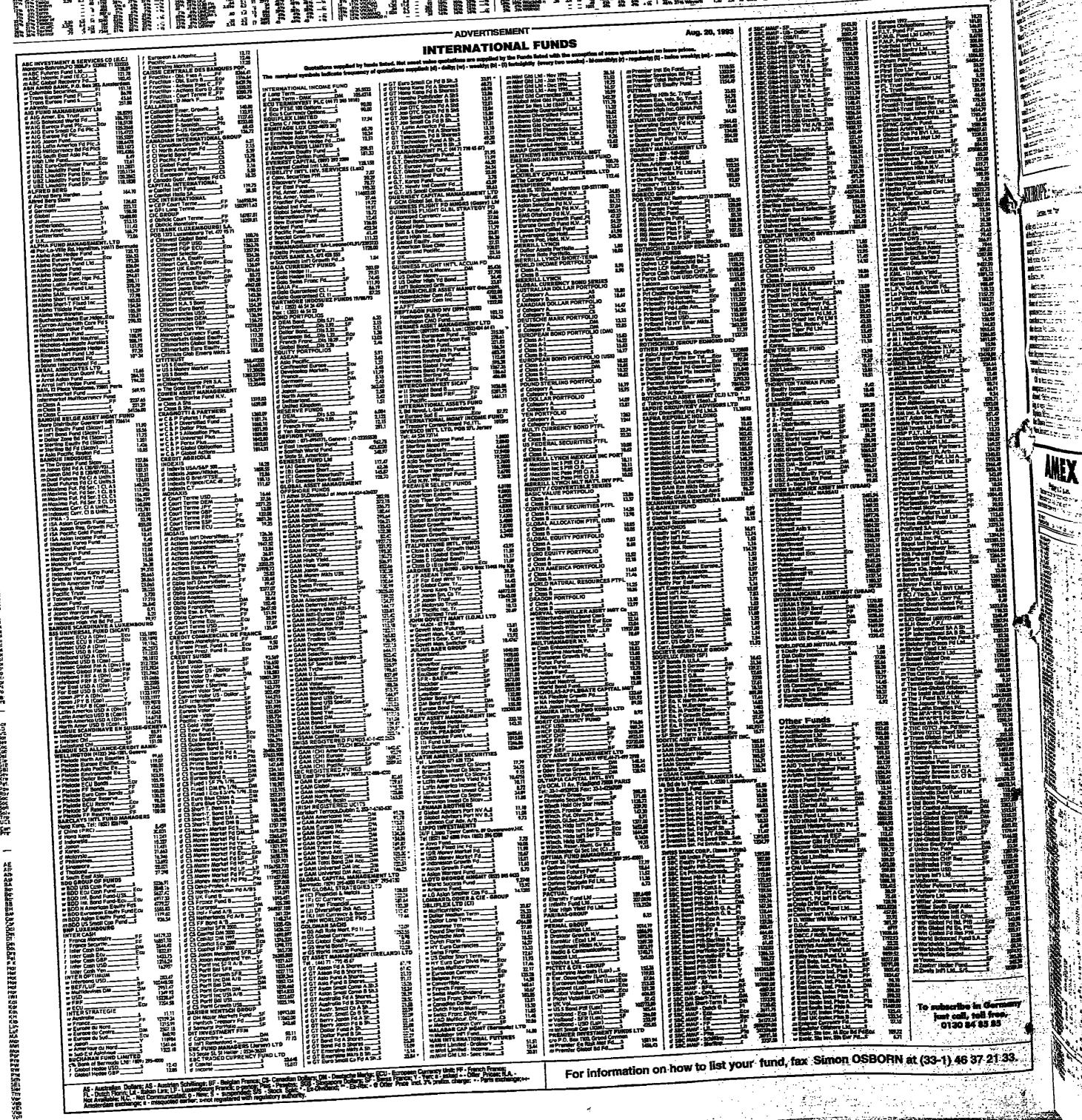
A more ranges when in not postey prescrip-tion) comes from F. M. Scherer at Harvard's Kennedy School of Government, America's product distribution system is the wonder of product-distribution system is the world, he points out, and a vivid contrast to the inefficient system in Japan. If vertical restraints are benign, he asks, why does the most efficient system have so few of them and the least efficient so many?

The Jen Tak

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The fact that Ms. Bingaman, formerly an antitust lawyer in private practice, looks less kindly on vertical restraints than her recent predecessors does not guarantee that hig policy changes are in the works.





The Yen Takes a Bite Out of Japan

Toyota, Nissan and Pioneer Bring the Gloomy News

Compiled by Our Staff From Dispatcher to 129,228, while overseas production during second half as the stronger yen dampened TOKYO—The scaning value of the yen—the month rose 10.1 percent to 72,167. A demand there. Nissan said its exports would began to show its bottom line effects on 12. declare in exports to Europe outweighed a likely drop 66 percent from the similar period a

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Toyota, the largest carmaker in Japan, and Nissan, the No. 2, said that vehicle produc-tion, sales and exports had all dropped sharply in July as the yen appreciated against the U.S. dollar and the Japaness economy contimed to simp.

moed to simmp.

Toyota said its domestic production fell 15.2 percent last month from a year earlier, to 322,528 vehicles. Of that, passenger-car production fell 14.9 percent to 262,685.

vehicles in Japan during the month, down-10.6 percent; this included 142,727 passenger

irs, down 11.3 percent.

Both Toyota and Nissan amounced that Exports for Toyota fell 12.6 percent in July they would likely cut shipments to China in the

pan's business fitans Friday as Toyota Motor gain in exports to Asia, the company said.

Corp. Nissan Motor Co. and Pioneer Electronic Corp. all weighed in with negative 33.4 percent in July from a year earlier, to financial reports.

56,411. It was Nissan's 12th straight month of year-on-year decline.

Nissan said it had produced 169,489 vehicles in July, a drop of 11.3 percent. Passenger cans numbered 140,629, down 9.8 percent. Domestic sales of Nissan vehicles fell 7.9 percent to 120,102, including 89,249 passenger cars, down 10.4 percent.

The Japan Automobile Manufacturers Association reported that Japan's vehicle sales dropped 10 percent in July from a year earli-The automaker said it had sold 203,030 er. Domestic automobile sales have been failing since September 1990 as the Japanese economy has slowed:

year earlier, to 7,000 units. Toyota, which exported 35,000 units to China in the first half, decline to specify figures for the second half.

Meanwhile, Pioneer Electronic blamed the igher yen and low consumer spending (or a

profit in the three months that ended June 30. Pretax earnings at the audio-equipment maker amounted to 4.03 billion yen (\$39.8 million) for the period. It global sales dropped 13.8 percent, to 125 billion yen.

Despite the rising yeu, however, Pioneer said sales of laser disks and audio equipment for one open one of the period.

59.2 percent drop in consolidated pretax

for cars rose in Asia and Latin America. But adding that "the outlook for the world economy is unclear," the company said it planned to cut capital investment and shift more production abroad to counter the adverse impact of the yea's appreciation and increased competition. (AP, AFP, Bloomberg)

For the Rest of Asia, Inflation Is Knocking

TOKYO - Asia fears a dose of inflation as prices of Japanese cars and other imports rise due to the soaring yen, analysts said Friday. At the same time, however, Asian goods will be cheaper for Japanese consumers and more likely to penetrate the Japanese market. The yen shot up to its highest level since World War II this past week, almost breach.

ing a level of 100 yen to the dollar.
In Kuala Lumpur, the deputy governor of the central bank, Lin See Yan, said Malay the central bank, Lin See Yan, said Malay-sians should try to buy non-Japanese prod-ucts to offset the impact of the strong yen, "People must substitute if Japanese goods are expensive," he said.

But economists said Malaysian consumers

would not easily switch to other brands because Japanese products, from electronics to cars, had a firm grip on the local market. In the Philippines, Japanese joint ventures with carmakers were lat hard by the rising yen and have asked the government to approve more price increases on vehicles.

months because of the surging yen. Even when the dollar was at 109 yen, a 5 percent to 10 percent price increase was needed for akers to break even, Mr. Moran added. In Sri Lanka, a spokesman for Associated Motorways Ltd., local agent for Nissan vehicles, said sales had fallen by about 30 percent

in the past few months. "Cars have gone up in some cases by 75 percent in the past year and spares are also costly," he said. "Due to the high cost of vehicles, the corporate sector is also reviewing plans it would have had to purchase vehicles."

Factories in Pakistan that rely on Japanese machinery and spare parts also are feeling the pinch as prices go up. Hong Kong also will likely suffer higher inflation as the strong yen pushes up prices of .

Japanese electronic goods and raw materials, local economists said.

Henry Moran, president of the Amomotive

Manufacturers Institute in the Philippines,
said production costs had risen over the past
and import inflation will increase." Taiwan and South Korea also will suffer.

experts say.

Joseph Chen, deputy secretary-general of
the Chinese National Federation of Industries, a business association, said, "Taiwan's heavy reliance on Japanese parts and some consumer products is not going to fall in the foreseeable future, so the surge in the yen will definitely hurt our importers."
On the positive side, the soaring yen is expected to boost Japanese tourism to Asia

and exports to Japan. Australia, a prime destination for Japanese

tourists, expects a fresh wave of yen-rich tourists to shop in Sydney and visit Australian resorts, tourism officials said.
"It makes tourism in Australia even cheap

er than it was before," said Godfrey Santer, manager of corporate planning services at the Australian Tourism Commission. "It certain-Benjamin Chan, economist with Bank of ly will be an extra incentive."

Taiwan Holds Out **Hope for Settling** Dispute With BAe

TAIPEI - The Taiwan government said Friday it still hoped that a venture with British Aerospace PLC would go through, and sources said the BAe chairman would go to Taiwan this coming

week for talks on the deal. However, Economic Affairs Minister Chiang Pin-kung stressed that the fate of the venture depended on the ability of a Taiwan banking consortium to agree on financing.
Still, he conceded that Taiwan

would be hard-pressed to find another foreign partner to develop its fledgling zerospace industry if the \$375 million venture fell through. "On the government's side, we hope to push through the deal," he was "too early to write this deal off"

must be reached first."

the next few days to hold talks with the banking consortium.

Vice Economics Minister Yang
Shih-chien has said he would not look at it optimistically."

not successful in the negotiations, the deal is off. We would prefer to look at it optimistically."

could not be reached on the difficult issue of collateral for Taiwan financing of the deal.

Taiwan Aerospace Corp., 29 per-

cent owned by the government, and BAe signed an agreement in Jamu-ary to form a 50-50 venture to produce passenger jets that would be assembled in Taiwan and Britain.

After months of delay, Taiwan's state-owned Chico Tung Bank agreed last mouth to form a consortrum that would lend up to \$460 million to the venture. But Mr. Yang said Thursday that the venture was threatened by a failure to agree on the issue of collateral.

A source close to the talks said it said. "But agreement on conditions and added that problems with collateral were linked to the differing Sources close to the deal said the legal systems in Britain and Taiwan. BAe chairman, John Cahill, was In London, 2 BAe spokesman, expected to arrive in Taiwan over lan Woodward, said: "It we don't conclude our negotiations and are

Foreigners Pile In for BHP

MELBOURNE - Foreign inbiggest company, Broken Hill Pty., to a record high on Friday of 15.40 dollars (\$10.40) as its bright prospects continued to draw international interest.

Since the beginning of July, the about 6 percent. It has surged more than 50 percent since the October

solid long-term performance, the bluest of Australia's blue chips had vestors drove shares in Australia's been left behind in the rush for equities in the last two months. In the year to May, BHP reported net profit of 1.194 billion dol-

Dealers said BHP's prospects for company's share price has risen growth in the 1990s and the next century made it attractive to foreign investors. The company is viewed as 1987 stock market collapse.

Analysts said that despite BHP's making, minerals and petroleum.

having top-quality assets in steelmaking, minerals and petroleum.

6.33 percent it had predicted in May.

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dividends totaling 40.5 cents a

22000-ALEMAN 002 Exchange Change Close 7,545.36 7,605.26 -0.79 1,972.27 1,948.78 +1.21 All Ordinaries 1,927.10 1,926.30 +0.04 Nikkei 225 26,507,26 20,587,47 -0,39 Kuala Lumpur Composite 805.51 798.82 958.88 955.35 Bangkok +0.35 Seoul Composite Stock 737.97 Weighted Price 4,045,61 4,083,41 -1.17 Composite 1,760.84 1,760.88 -0.00 Stock Index +0.80 387.91 384.82 New Zealand NZSE-40 2,018.52 2,019.18 -0.03 National Index 1,290,49 1,265,40 +1.98

Very briefly:

Investor's Asia

• Sony Corp. is setting up its first joint-venture manufacturing facility in China; it and Shangtai Video & Andio Electronics Co. will make Smm rideo camcorders in Shanghai for the Chinese market.

• Taiwan garnered a total of \$7.14 billion-worth of business orders from abroad in July, a 4.96 percent increase over the same period last year. • Loxley PLC, a Thai telecommunications-equipment trading company, and Italihai Development Corp., Thailand's largest construction company, have purchased a majority stake in the company that produces Pepsi-Cola and 7-Up in Laos, for 87 million baht (\$3.5 million).

• South Korea's jobless rate hit a six-year high of 3.1 percent in the second quarter as the business slump continued.

· Seoul said it would partly liberalize rice prices, allowing them to fluctuate within 10 percent of producer prices in the off-season and 3 percent in the harvest season.

Daiwa Bank, which has bought a controlling stake in Cosmo Securities
 Co., had its A-minus senior debt rating placed on CreditWatch by
 Standard & Poor's Corp., with negative implications.

• Taiwan revised its 1993 GNP forecast to 6.08 percent growth, from the

Bloomberg, AFX, AFP, AP, Knight-Rudder

The TGV holds several records, including

one for speed and one for the most advanced technology. Its commercial speed is 300 kilometers per hour (185 mph), but its maximum speed

is 515 kilometers per hour.
GEC-Alsthom also has contracts to extend

TGV service from Paris to Amsterdam and

Cologne, as well as through the Channel Tunnel to London. In May 1991, Texas decided to use

the TGV for a line linking Houston, Dallas and San Antonio, and GEC Alsthom signed a 50-year franchise with the Texas High Speed Rail

The bidding to build the first high-speed

EUROPE: Speculators Aid Exporters by Selling Their Currencies for Yen

of the yen. In the United States, the long slide of the dollar against the Japanese currency has raised the price of cars made in Japan an average \$1,000 above comparable American-

built models. Analysts now expect to see a steady stream of price rises from the Japanese m Europe as well.

Analysts suggest that the Japanese may have to scale back their ambitions of an ever greater. share of the European market. At present, a quota system sets limits the number of Japanese cars that can be sold in Europe until the end of the decade. Mr. Lawson notes that the huge run-up in the price of the yen now offers European antomakers a "natural protection" against their Japanese compensors. It also adds to in-

set up factories within the Community. Of at least equal importance to European

centives for Japanese carmakers and others to

at the expense of almost prohibitively expensive

strengths in cars and capital goods — secons where the Japanese are particularly strong — looks like Barope's biggest gainer from the years use. It is by no means the only one. With nothing to lose and everything to gain, there is little wonder that calls from Tokyo in recent weeks for some sort of concerted international effort to arrest the year's rise have

failen on deaf ears in Europe.
"I wouldn't expect there would be a long queue of governments wanting to help out at this moment," confessed Mark Cliffe, chief economist for Nomura in London, speaking before the U.S. interpention on Thursday to check the rise of the yen.

Some observers said they saw the strength of Japan's corrency as teaching its big companies an overdue lesson. U.S. multinationals have

would be good news for the local economies. Japanese lixtury cars.

Unfortunately, white the need or companies open such plants grows greater with every upstrengths in cars and capital goods — sectors ward lurch of the yen, the means to pay for them correspondingly declines as sales sink and corporate profits are squeezed.

Moreover, companies wanting to escape Japan and the strong yen burden need not come all the way to Europe to do so. Taiwan, not Timin nor Toulouse, may yet appear the more attractive option to many Japanese executives. At this point Japanese businessmen themserves seem unsure as to how to react. "They are at a loss for what to do," said Mr. Miyata of the Daiwa Institute. He and others attributed much of that paralysis to an enduring conviction that

the yea must fall.
Nissan Motor Co., which has yet to raise the prices of any of its models imported from Japan is a case in point. "We have to consider that the rise in the yen is temporary and not long term,"

DEALS: European Industry Wins One — and Apparently Loses One, Too

Continued from Page 1

help the U.S. companies edge out the European consortium Airbus Industrie. President François Mitterrand reportedly made strenuous efforts to persuade the Saudis to buy from Air-

But showing once again that nothing is over until it's over, McDonnell Douglas said Saudi Arabia had not made any definite decision yet regarding the choice of companies for the deal. A spokesman for Douglas Aircraft, a Mc-

Donnell Douglas unit that is in the running to win part of the order, said: "No definitive decision has been made yet by the Saudis. They appear to be in the process of weighing the decision for the order internally but nothing

For its part, Airbus told the International Herald Tribune, "We must wait for Saudi Ara-

ington's criticism of Airbus for doing the same

On Thursday, Senator Patty Murray of Washington revealed in a radio interview that Mr. Clinton had told her that Boeing and Mc-Donnell Douglas were expected to win the

Spokesmen for the two companies and for federal agencies were reluctant to comment on the deal, concerned that the Saudis would change their mind because of premature public-ity. The Saudis have insisted they alone should

announce the purchase. The order is considered pivotal for the U.S. aircraft industry overall, because it probably will be the biggest sale to reach the industry this

McDonnell has spent the past year urging the Saudis to buy its planes, mainly its wide-body MD-11, which cost about \$100 million each. The TGV technology heads for a major test

railroad from Seoul to Pusan has been one of South Korea's most controversial and hotly contested projects. Parliamentary officials esti-mated in June the project would cost a total of \$13.7 billion, or \$5.7 billion more than originally estimated, because of inflation and changes in design and other programs.

ject are Cegelec SA and CSEE Transport SA, a unit of Compagnie de Signaux et d'Equipements Electroniques SA.

(AP, LAT, NYT, WP, Reuters, Bloomberg, AFP)

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IVE credit to the New York Federal Reserve Bank for salvaging the reputation of its colleagues in Europe and Japan. Just when their power to control currency movements seemed to be hitting postwar lows about as often as the yen was hitting postwar highs, the bank, which conducts the Federal Reserve Board's market operations, sold massive amounts of yen for dollars on Thursday, pushing the dollar away from the 100-yen brink and up close to 106.

Why did this intervention work when ef-

forts by other central banks to control currency rates have led to notorious failure? For one thing, market sentiment worked in the Fed's favor. So-called parity of 100 year to the dollar had been so widely anticipated that anyone who wanted to bet that way had probably already done so. In Europe, where those who bought the weaker currencies because they bought the idea of monetary union had already shot their wad, central banks had to push against a head wind they

Another advantage the Fed enjoyed is that it was a reluctant buyer. As the yen gets stronger, the position of Japanese exporters, who make the country run, gets weaker, and the cry of Japan's long-mulfled consumers for reasonably priced foreign goods grows louder. The United States so far has not been desperate for this to end. While European governments had to buy their currencies at artificially high prices, the Fed bought at historically low levels against the yen. Moreover, this happened as the Japanese and American leaders were having a heart-

to-heart chat, presumably about trade. Perhaps the market senses an impending shift in Japanese policy, in contrast to the economics-as-usual approach taken in Europe, where fiscal unsoundness is rampant.

Although it helped to have the resources of the U.S. Treasury on its side, the Fed may have derived its real power from the skill, or luck, it had in entering the market when fundamental and technical factors were at their most favorable, something that is possible, although difficult, even for those of us who must speculate with less than a few

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FIRST COLUMN E Computers Join Hunt For the Hot Company

By Conrad de Aenlle

HE use of computers in stock trading has had a negative spin on it since the 1987 crash, which some blamed on program trading, the taking of offsetting positions in shares and stock index futures contracts on a computergenerated signal. The cartoon image is of a petry brokerage functionary, barely old enough to hold a driver's license, pushing a button and sending the market off a cliff.

There is also a benign, and apparently useful, service that computers perform for equity investors. Ever more institutional money managers — and individuals, too, if they want to pony up the money to buy the software - are employing computers to do the dirty work of screening companies' fi-nancial histories to include or eliminate them from investment consideration.

The rise of computerized stock picking roughly parallels the leap to fame of index-tracking funds in the last decade. While data bases filled with basic nuts-and-bolts information had been around for a long time to assist fund managers with their selections, most of them still lost out to the averages.

That sad truth, accompanied by better

hardware and software, led some managers to adopt a passive rather than an active approach to stock selection. Thus, index funds were born. Buying every stock in an index can be expensive. With the proper software, though, a fund can choose a handful of components and approximate the in-dex's performance within tolerable devi-

"Computerized stock selection came about as the ultimate end of quantitative investing, said E. John Fildes, of Standard & Poor's Compustat, which markets software and financial data. The idea was to pick stocks based on "numbers rather than gut

Then the technique evolved, he said. Some managers of index funds thought that if they could remove some of the obvious stinkers from their portfolios, their funds would have a shot at outperforming their indices and, more important, outperforming competing funds. These new portfolios were called "tilt

The idea was carried a step further to "active quantitative" analysis, in which a computer is programmed to look for stocks that fit whatever criteria the managers think will generate the best returns. "It comes full C. de A. | circle and gets difficult to distinguish be-

tween computerized and active stock selection," Mr. Fildes remarked. "They're programming gut feel into a computer

The science — or art or sport — of quanti-tative investing is most advanced in the United States, he said. One reason is that the equity markets still take a back seat in much of the world to the debt markets as a source of capital for business, so there is less incentive to find innovative ways to choose stocks. Another reason, which has much to do with the first, is the "complete lack of the amount and sort of data you would get from U.S. companies," Mr. Fildes said. American companies have to report performance data every quarter, soon after the quarter ends. In Europe, shareholders are lucky to get infor-

mation once a year, and then it may be nine months after the end of the fiscal year.
"In each and every country, standards of data will differ enormously," be said. "Until you've got the data, you've got very little to feed into one of these quant models.

There are quantitative boutiques in Europe, but they are more in the realm of trying to build index funds."

One firm that tries to do more than that is Rosenberg institutional Equity Manage-ment, in London. It uses "computerization at every step of the selection process" to manage \$5 billion for pension funds and other institutions, notes Jennie Paterson, Rosenberg's marketing director. "What we've done is take the whole

thought process of traditional analysis and developed a computer system to replicate those processes," Ms. Paterson explained. "The way we do it is to take lots of detailed information on 9,000 global companies. We break the companies down and compare them with like companies. Eventually, what we do is identify if business lines are misvalued, compared with average."

If a company is judged to be priced 10 percent below average for others in its category, it's a buy. The stock is sold if it rises to an undervaluation of just 3 percent. The goal is to outperform the relevant benchmark index by 4 percent a year without added risk.

Controlling risk is a key to computer stock selection. It becomes a bigger factor when it is applied across markets. Let's say a fund manager wants to build a portfolio from among 1,000 stocks in 10 countries. He might screen them for several factors that whittles the list down to 100. But companies in some markets historically carry higher price-to-earnings and price-to-book ratios than others or have lower dividend yields. The 100 stocks the screen selected may be



concentrated in just one or two countries.
"The first aim is diversification; if all you did was apply screens, you might have a global stock portfolio that looks exciting, but you don't have diversification," observed the head of a Paris fund management concern

that employs screening techniques. "Because of the added risk, you may have lost some of the added value you sought to achieve."

its outright skeptics. "I'm very cynical about it," said David Roche, head of global strate-gy for Morgan Stanley. "It seems like anoth-er attempt to reduce investing to a simple set of rules, and I don't think the stock market works like that. What it ignores is market psychology, which is what drives the market as much as anything else. I use the data base as a source of information, but not a set of

Picking stocks, he said, requires "starting with a hypothesis and then applying judgment at the end. What I object to is taking off the front and back end of that equation. The ones who do it best he said are equipped with "intelligence, knowledge, sagacity, experience. Behind this are people with considerable judgmental skill. Dumb people are dumb and a computer won't Calcula

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In Choosing Fund Stars, Look at the Duds

By Rupert Bruce

a mutual fund, they bles of the top performers. The idea is that what is top of the tables one vear should also be the next. But, in he said. reality, what is top one year is often

So it is probably more useful to pick out this year's losers. This is because the funds that top and tail the performance tables are generally the most volatile. And, in the have dwindled to \$20.29. But the whimsical world of investment, what is in fashion one year is often out the next, with disastrous conse-

These funds are generally highly specialized and therefore extremely prone to the vagaries of fashion. They tend to be managed futures, country or specialized sector funds. The 50 worst funds tracked over the year to Aug. 1 by Micropal, which measures mutual fund per-formance, are dominated by these

Right at the back of the pack are a number of managed mutual futures funds. The managers of most of these funds have blamed their vett Managed Futures Sterling. poor record on extreme volatility fund during the last year would be on the world's foreign exchange worth 573.47 today. It has the ad-

the period was the Gaia Currency fied some profitable trends, as well fledge III fund, managed by Gaia- as foreign exchange markets.

Corp. Anyone who invested \$100 a year ago would have lost \$58.74. And two of the group's other funds, and when they occur we will pick flaid \$5 wiss Franc and Gaia Currency fled some profitable trends, as well director of Barclays International buy a managed futures fund if they believe the foreign exchange markets from Management, blames the believe the foreign exchange markets.

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Gaia Swiss Franc and Gaia Currency field some profitable trends, as well director of Barclays International buy a managed futures fund if they believe the foreign exchange markets.

The Gaia Swiss Franc and Gaia Currency field some profitable trends, as well director of Barclays International buy a managed futures fund if they believe the foreign exchange markets.

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The Gaia Swiss Franc and Gaia Currency field some profitable trends, as well director of Barclays International buy a managed futures fund if they believe the foreign exchange markets. rency Hedge II, have not fared director of John Govett, the invest-

nuch better. ment management group. Share index is down 40.

Philip Turner, London-based The fund group that was most over the past 12 months.

keting said these funds were all charts, however, was the country year, Mr. Pyrke says it is uncertainfuled by a system that identified fund. Among them were countries. He believes everything depends on HEN investors, or In choppy markets, like those seen of which have been marketed agtheir advisers, choose a mutual fund, they generally reach for tanot designed to perform well year

The Argentinian Investment Co.

The ds in Iora

> Even so, although they have had short periods of exemplary periormance, they have a very mixed

R. Turner is unwilling to predict prossaying that the relaxation of the exchange-rate mechanism is good news because it allows more fluctuation between currencies and, consequently, more trading opportuni-

A commitment of \$100 to the Govert Managed Futures Sterling markets.

The very worst performer over bond markets, where it has identitied some profitable trends, as well

in year out. They are designed to perform well over the longer term," ing Markets, was launched in February 1991. That year the Buenos Aires Balsa General Index rose by 161.7 percent in U.S. dollar terms and the fund rose with it. It was up long-term record. An investment of 191 percent by the year's end. But \$100 in the Gaia Corrency Hedge \$100 committed to it a year ago III over the last three years would would be worth \$63.90 today.

Veronica Berger Collins, who has managed the fund from Loudon since April, blamed the bad performance on a fall in the stock market. Just between the end of June and the end of November last: year, it fell 43.2 percent in dollar

Ms. Berger Collins says the out-look for the coming year depends on whether the government intro-

just as disappointing. Anyone who had invested \$100 in the Barchays surgery," he said. ASF China (PRC) fund would have

NOTHER high-flier that has crashed to earth is the biotechnology fund. An investment of \$100 in the Banklinvest 7 Biotechnology fund over the last year would be worth \$74.56 today. Niels Thaesen, Copenhagen-based chief investment officer of Banklavest. said the fund has had boom years. including one recently where it doubled in value:

He attributed the recent bad performance to the proposed Clinton health care reform program. But Mr. Thatsen said the weakness in biotechnology stocks, which are mainly based in the United States, duces labor and pension reforms. If is not justified. He said that bioit does, companies will be able to technology companies and health care costs and the market should care reform are effectively working improve, she says. Her bet is that toward the same cud: reducing this will happen before the end of health care costs. "Biotechnology companies might be the solution China funds investing in the lo-because they can lower the amount cal B share markets have proved of time people are in hospital either

surgery," he said. So, investors looking for a shortlost \$26.47 over the last year. Roger term high-risk investment for the Pyrke, Hong Kong-based regional next year have a choice. They could in. The Crédit Lyomais China B labor reforms were imminent; or a Share index is down 40 percent biotechnology fund if they believed the sector would shortly return to

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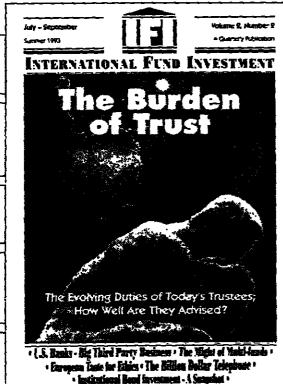
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COMPANY	End of financial year	Earnings est for '9 (financia year)	is month's	% change	Lest month's closing price	Current price	% change	
Mary's Breat		*_;	2 - 6 -				*	
IFI (Priv)	03/93	1553.2	1485.733	4.54	1: 13100	15230	16,3	1
SAI	12/93	543.357	533.645	1.82	22310	23780	6.6	┱
RAS	12/93	825.609	811.3	1.76	28290	29850	5.5	T
BENETTON	12/93	1259,152	1245.407	1.1	19850	20710	4.3	T
EDISON	12/93	342.175	340.375	0.53	5200	5575	7.2	T
MEDIOBANCA (P)	06/93	736,921	735.375	0,21	15800	18250	28	7
STET	12/93	228.662	228.233	0.19	3848	4119	13	7
SIRTI	12/93	1215.546	1214.43	0.09	8900	10100	13.5	7
TALGAS	12/93	155.72	155.583	0.09	4292	4651	8.4	+
SAIPEM	12/93	238.208	238.136	0.03	3760	4241	12.8	十
Raty's World	100 P. V.	21.4	74 - 12 1					
BCO AMBROVEN	12/93	303.636	324,309	-6.37	3899	4150	6.4	
BANCA COMMERC.	12/93	281.552	294.793	4.49	5092	5150	1.1	╀
CREDITO ITALIA	12/93	159,033	164.748	-3.47	2665	2645	-0.8	
SNE	12/93	280.886	269.41	2.85	6151	3595	-41.6	┿
ALLEANZA ASSI	12/93	374,619	383.689	-2.36	17900	19200	7.3	+
GEMINA	06/93	104,973	107.35	-221	1360	1506	10.7	+
ITALCABLE	12/93	527,408	532,257	0.91	7574	9590	26.6	+
ASSI GENERALI	12/93	942.147	944.513	-0.25	38280	40565	20.0	+
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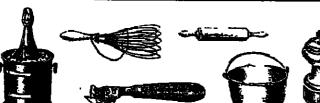
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Recipes for Restaurant Investing

By Philip Crawford

HEN it comes to fantasy investments. there are perhaps three dreams heard most often, say those who have an ear tuned sharply to the markets. Backing a Broadway hit and owning a piece of a championship sports team are two of them.

The third, and perhaps most common of all, may also be the most accessible to individual investors who are interested in making a high-risk play: investing in a res-

To be sure, say market mavens, this dream is not about buying stock in fast food companies that have thousands of outlets, or purchasing equity in major table-service restar rant chains that operate hundreds of eateries. It is more along the lines of buying into a very small group of restaurants, or even just one classy place, where an investor can walk through the door with his friends, bask in red-carpet treatment, knowing all the while that the source of sure is also making him a good deal of money.

Such luxurious scenarios are not. of course, easily come by. Restaurant industry analysts say that a clear majority of new businesses nine out of 10 by some estimates fail within the first year of opening. Why? Few sectors, on a global basis, are as intensely competitive. Food, labor and equipment costs are always rising. Also, many major markets are becoming saturated.

The good news, however, is that a highly successful restaurant can

ing for investors to help expand a working enterprise or to help get a new one off the ground.

"Finding investors is a very serious problem within the industry, said Jeffrey Prince, senior director of the National Restaurant Association, a U.S. trade group. "Even though the restaurant business is rapidly expanding internationally, there's still not enough confidence in it to make finding backers an

easy thing." Investors in new restaurants typically receive all operating profits (assuming the restaurant is making money) until their origina stakes have been recouped. Thereafter, a percentage of profits, de-pending on the size of their investment and the nature of their agreement with the restaurateur, is nally paid to them on a quarterly iannual basis.

"Our original investors made their money back after two years, and have been profiting ever since," said Kelly van Remoortel, who with her son Mike Powers raised the \$500,000 needed in 1986 to open Le Texan, a successful Tex-Mex restaurant in Monaco. "Given our idea and location, we actually found it somewhat easy to find investors. In fact, we had to turn some people down." Le Texan became so successful in Monaco that a Paris

branch opened up two years ago. A story restaurant analysts like to tell is that of California-based Cheesecake Factory Inc., which opened its first restaurant in the late 1970s with money raised from private investors. Having grown to six restaurants, the company went public last September and its

began with private investor money Wall Street by storm.

The original investors in those chains have made a 300- or 400percent return," said Cameron Mitchell, a former restaurant company executive who just raised \$400,000 in order to open his own upscale eatery, Cameron's, near Columbus, Ohio. Mr. Mitchell said he gathered a total of 32 investors. 12 general partners and 20 limited partners, each of whom bought a minimum of 10 shares costing \$500 apiece in the business. He said he hopes for annual sales of about \$1.5 million and profits of \$150,000, which would allow him to pay off the original stakes of the

mited partners within two years.
"All profit will go to the limited partners until they have made back their original investments," he said. "After that, the limited and general partners will share the profits on a

NVESTING in restaurants through private placements, or shares not offered to the general public, hit its peak in the mid-eighties, say experts, when Wall Street was at its Reagan-era height. It virtually disappeared, however, after the stock market crash of 1987

"In the early '80s, people wanted the cachet of owning a restaurant," said Malcolm Knapp, president of a New York restaurant consulting firm, which bears his name. "Food was a frequent topic of social conversation. And people buying into restaurants that ended up being

Outback Steakhouse Inc., which do things like taking their friends there, and a good financial return. only to go public in 1991 and take The indications are that people are starting to get interested in this type of investment again."

Other than the time-honored method by which financing for countless restaurants has been achieved - word of mouth - there are several ways through which those seeking to plunge into restaurant investing can find an opportunity. One is simply by calling one's broker, since securities houses often assist restaurateur clients in putting together private placement financ-

broker who's doing a private placement or who knows of one being done is probably the easiest way to find opportunities," said Steven Rockwell, who tracks the restaurant industry for Alex. Brown & Sons in Baltimore.

Another method is by checking restaurant industry publications.
"Our classified section often has items regarding new business opportunites, restaurants being sold bought, and the like," said Rick Van Warner, editor of Nation's Restaurant News, a weekly U.S. trade paper. "A lot of opportunities are also discussed at trade shows."

Another route, especially for high-net-worth individuals, is to work with a venture-capital firm, which would likely have a full dossier examining the industry track record of restaurateurs who had come to it seeking investors. Indeed, "know your operator" seems to be the first caveat issued to potential restaurant investors by in-

Canadian Shares in From the Cold

By Judith Rehak

FTER five years when the atmosphere at the Toronto Stock Exchange seemed to be influenced mostly by the cold winter winds from the western prairies, Canada's stock market is in the midst of a heat wave. The TSE 300 Index is hovering around the 4,000 mark, up 20 percent since the beginning of this year, in contrast to a paltry 3 percent rise in its U.S. counterpart, the Standard & Poor's 500 index. What's more, say market bulls, the warming trend will con-

It is a welcome change for a market that until recently was dragged down by weak commodity prices. Nearly 45 percent of the TSE 300 companies are in oil and gas, mining, lumber and forest products, or resource related. "We don't have a Coca-Cola here, or opportunities in big drug compaes, and those were the stocks that did well in the '80s," said Fred Sturm, a portfolio manager at Toronto's Mackenzie Financial Corp., which manages domestic funds and the Mackenzie Canada Fund, a vehicle for U.S. investors. But, he said, "We think it's Can-

ada's turn now. It's well suited for world growth as new economies come on stream and require infrastructure and materials to build before they can emphasize distribu-tion. We're emerging from our second most severe profit recession in this century for companies. We were forced into significant restructuring. Interest rates are down, and we've come through a gut-wrenching battle with inflation." Canada now has an inflation rate of only 2 percent, the lowest in the Western

By Aline Sullivan

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obby in the world.

Hong Kong and Taiwan.

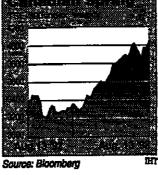
recently and now prices are rising,"

said Jeffrey Schinder, associate di-

rector and stamp specialist at Lon-

lecting stamps in their youth, put

them aside for years and then re-



world, compared with 3.5 percent in the United States.

The run-up in the Canadian stock market has been fueled largely by oil and gas stocks, which have doubled — and more — as economic recovery in the United States has accelerated demand and price rises for natural gas. Another boost came as shares as gold mining companies, which make up nearly 10 percent of the TSE 300 Index, ran up ahead of bullion's climb through the magic \$400-anounce benchmark. Stocks like American Barrick and Placer Dome have held their own despite gold's roller-coaster performance of the past two weeks

Nevertheless, "There's still the risk of a 10 percent pullback in the market, and in some cases, stock prices have gotten too far ahead of mar, market strategist for Wood though," he added, predicting a nigh of 4,200 by year's end.

Right now, one of the most close-

Asian Stamp Collectors Send a Message

story still looks positive. "Demand is high in the United States and more pipelines are being built to meet it," said George Domolky, who runs Boston-based Fidelity's Canada Fund, Even better, Canaconnierparts.

Money managers are concentrating on groups with tight management, using new technology like horizontal drilling to exploit proven oil and gas reserves at below average costs, rather than costly exploration. Favorites range from larger compa-nies like Talisman Energy and Anderson Exploration to the smaller denizens of Calgary's oil patch like Petromet and K2 Energy.

Mr. Kumar, however, expressed growing caution about the oil and gas sector after its big price run-up. "A more interesting way to approach it is to buy pipeline stocks, which are benefiting from the increased volume of gas being shipped to the U.S.," he said, naming TransCanada Pipelines, and ing TransCanada ripeurs.
West Coast Energy, which serves

NALYSTS differ sharply on another group, completely on the marearnings," cautioned Subodh Ku-ket rally: producers of base metals mar, market strategist for Wood such as mckel, copper and alumi-Gundy, the big Canadian broker-age. "We're still in a bull market demand, these stocks are still so deeply depressed that Mr. Sturm of Mackenzie sees an upside of 50 percent once they start recovering. ly watched sectors is the high-flying oil and gas stocks, which have re-

bounded after falling as much as 20 in Inco, the nickel producer, and a percent in early July. Many analysts maintain that the longer-term interesting the producer, and a smaller one in Cominco, both mired near their 1993 lows. But Norm Lamarche, whose Al-

tamira Resources Fund soared 74 percent in the first half of this year. is not tempted. "The fundamentals for base metals are still ugly, supply exceeds demand, and inventories dian companies produce natural are exceedingly high and growing," gas at half the cost of their U.S. he said. "We even think these stocks are expensive.

> Better candidates for further recovery are lumber and forest product stocks like MacMillan Bloedel and Canfor, which strategists see as profiting from a rise in housing starts and renewed economic growth in the United States and Japan, as well as environmentalist pressures, which have cut supplies in the United States.

Other sectors, overlooked in the rush to natural resource stocks, also appear poised to benefit from Canada's improving economy. Mr. Kumar likes the banks, such as Royal Bank of Canada, commenting, "It's a less risky cyclical play."

Mr. Domolky favors Hudson's Bay Company, the retailer, which he describes as well managed and benefiting from the demise of several competitors, and the Thomson Group, owners of the Toronto Globe newspaper. "Ad revenues still look weak, but I expect them to pick up," he said.

What could ruin this summy scenario? Clearly, U.S. economic re-covery, so vital to Canada, could falter, or Europe's economies could be slower to get off the ground. But the market is now being buoyed by domestic investors who bailed out of low-yielding bonds and poured more than 4 billion Canadian dollars (\$3.13 billion) into equity

Calculating the Tax Bite on Expatriates

By Jack Anderson

RESIDENT Bill Clinton was not thinking of American expatriates when he said his deficit reduction package, signed into law last week. would cost the average individual "10 cents a day." The increase in individual income tax rates, retroactive to Jan. 1, 1993, constitutes the largest top marginal income tax rate increase since World War II.

Many "top-level" expatriates \$140,000, if married, or \$115,000, if single, will feel the bite.

Most U.S. expatriate taxpayers fall into one of two broad groups: those employees of multinational companies who are on assignment overseas under a structured tax equalization policy and those who are local hires and are "on their vn" when it comes to paying their U.S. and foreign income taxes. The

groups is substantially different. equalization program will pay the tax increase to his company based on his "stay-at-home" calculation, a hypothetical model designed to ensure that his tax liability is the

same as it would have been had he stayed in the United States.

Expatriates who are local hires and who pay their own foreign taxes and have previously paid little or no U.S. tax should be minimally affected by the changes. This is the case for the local hire with excess foreign tax credits who is in a "high tax" jurisdiction and is already paying foreign taxes above the new U.S. rates or has only earned income below the \$70,000 exclusion.

The exception is the top-level expetriate who is subject to Alternative Minimum Tax (AMT), and who is likely to see his AMT bite increase with the new two-tiered increase in AMT rates, up from 24 percent to 26 percent or 28 percent. The AMT is designed to ensure comes who, through the use of special tax breaks and deductions, pay little or no regular income tax are subject to a minimum tax. The AMT is calculated by adding back new law's impact on these two certain deductions taken on the inroups is substantially different. come tax return and then applying
The top-level expatriate on a tax

a flat tax rate of 24 percent (in 1992). As the foreign earned income exclusion is not one of the required "add-backs" in computing AMT, those taxpayers who ex-

not generally subject to AMT. But for taxpayers who have earned income in excess of the exclusion and have to rely on foreign tax credits, as most tax-equalized expatriates do, AMT poses an annoying prob-

Before 1986, overseas taxpayers could offset up to 100 percent of their regular tax as well as 100 percent of any AMT imposed with foreign tax credits. The Tax Reform Act of 1986 limited the use of foreign credits to offset AMT to 90 percent. Because of this limit, highly compensated expatriate taxpayers are subject to double taxation on at least 10 percent of their AMT without recourse to any tax treaty.

law, the increase of AMT rates to 26 and 28 percent means that expatriates already suffering this double taxation will have to pay even more. In general, however, local hires are much less likely to be subject to AMT than employees on expatriate packages because their taxable income is not inflated by overseas allowances and tax reim-

To quantify the tax impact of the Clinton bill, let's take the example of a top-level U.S. expatriate, married with two children, who is on a

typical tax equalization policy. His stay-at-home tax will be calculated only on his salary, bonus and stock options. The tax on this stay-at-home income of \$230,000 will increase by \$4,500 in 1993 under the new rates. This amount will be retained from his salary by his em-

Expatriates in high income tax countries should have excess foreign tax credits that will offset the increase in U.S. taxes (but not all the AMT increase), thus minimizing the increased tax costs to the employer of a tax-equalized em-Perhaps the most costly provi-

sion of the new tax bill for expatri-Thus, under the new Clinton tax ates and their employers is the elimination, beginning in 1994, of the ceiling on compensation upon which both employee and employer must make Medicare contributions of 1.45 percent. The ceiling now is \$135,000. The total social contribution costs (Medicare portion) in the example of the executive cited above will increase by approximately \$7,395 per year, including both employee and employer's in-

Jack Anderson is a tax partner of HSD Ernst & Young in Paris.

serious collectors. Charles Napper, a stamp cata-loguer at London auction house IR Rowland Hill, the illips, said the market worldwide founder of the penny post is improving rapidly for top-quality

Not only is Britain's Royal "Stamps in good condition are selling very well although every-body is very cagey because of what happened before," said Mr. Nap-Mail improving its delivery times, although they are still not up to Victorian standards, his invention, the postage stamp, is enjoying a per. "Prices are increasing particu- to large numbers of dealers and new vogue among investors worldarly for British and Far Eastern material. Thai stamps are going for Stamp values languished in the as much as five times our original past decade following a speculative boom in the late 1970s. But surging

demand from collectors in China HE market for Thai and other countries in Asia has stamps is frequently helped generate a renaissance in stamp collecting, believed by many participants to be the most popular booming area. Christie's sold a collection in Singapore at the end of May for £1.2 million (\$1.8 "Rare and top-quality stamps have more than held their value million), three times the estimated

selling price. It was our first stamp auction in Singapore and we are certainly going to have more," said Mr. out of about 300.

There are a lot of buyers from The interests of Asian collectors Rising incomes in Asia, together are by no means confined to their home region. Christie's will auction with increasing interest in national heritage, has made these collectors Ryohei Ishikawa's collection in particularly avid. But stamp col-New York on Sept. 28 and 29. The Japanese enthusiast's collection of lecting is becoming more popular worldwide. Many dealers attribute U.S. stamps from between 1847 this to the changing interests of an aging population, People start coland 1869 includes the country's

up to \$12 million.

British stamps are also selling very well, said Mr. Napper, particularly top-quality ones from the reigns of Queen Victoria, Edward VII and George V. Gains in this market, which is mostly supported by British collectors, are unlikely to be as spectacular as in Asia. But the market is much more stable, thanks

well-defined prices. Mr. Schinder said the British stamp market is unlikely to outperform other areas of the world until some large collections become available

In Continental Europe, the marcited by dealers as a ket for good-quality stamps is booming area. Christie's strong said Valentino Ferri, a director of Swiss auction house Corinphila Auktionen.

For top-quality, unknown material the prices are always good," said Mr. Ferri. "We have good material now and this year should be very successful." Corinphila Aukonce a year at the end of October. Among the collections scheduled to be sold this year is a group of Swiss stamps from 1843 to 1860, with an estimated worth of 2.5 million Swiss francs (\$1.66 million), and a collection of first Colombian issues that should fetch at least 1 million

turn to the hobby later in life as first stamp and is expected to fetch "Latin American classics are also widely collected now and the market is very strong," said Richard Watkins, director of London stamp retailers Stanley Gibbons.

Dealers and auctioneers agree that collectors are better advised to spend their money on one good stamp rather than a large number of inferior specimens. According to Mr. Watkins, most people start a serious collection by focusing on one country and one period. And this is very definitely a field for the cognoscenti: Newcomers should never part with large sums of money before taking professional ad-

These caveats aside, stamps can serve as a good hedge against inflation. Top-quality stamps are un-likely to lose their value and will most probably appreciate.

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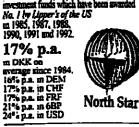
Chemical Bank Offers New Group of Funds

New York-based Chemical Bank, whose fund business has been limited to money market products, took the plunge this week into bond and equity funds with the launching of the Hanover in-vestment Funds family. Four new funds were launched, each with a distinct investment objective.

The Short Term U.S. Government Fund, as the name suggests. will focus on short-term securities issued or backed by the U.S. govconnent, while the U.S. Government Securities Fund will invest in like instruments of varying maturities. The Blue Chip Growth Fund will invest primarily in shares of large corporations with establish earnings reputations, while the Small Capitalization Growth Fund will focus on equity in smaller, younger corporation

Gary Gordon, a Chemical vice resident, said that minimum iniment in each of the funds will be around \$1,500, with the exact figure to be determined by the distributor. All of the funds are openended and available to both retail and institutional investors.

TOP FUNDS North Star Group of Companies operates 33 investment funds which have been awarded Na. 1 by Lipper's of the US m 1985, 1987, 1988. 1990, 1991 and 1992.



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"The launching of these funds is part of an overall effort to broaden our product line according to the needs of our customers," said Mr. Gordon. Chemical Bank manages approximately \$3 billion in its six oney market funds.

clude all of their compensation are

Maiaysian Equities Top Hong Kong Listing

Those who see Malaysia as a high-growth emerging market got some support in that view this week from the Hong Kong Investment Funds Association. The trade group announced that Malaysian equity holdings were the best-performing sector in Hong Kong-domiciled funds for the year ending July 31, returning an average of just

that Malaysian equity funds beat all competition for average return over the previous 12 months, having averaged about 66 percent for the year ending June 30, and more than 57 percent for the year ending May 31, said a Bloomberg Business News report. Japanese equity

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funds, averaging about 55 percen and Thai equity funds, averaging 53 percent, were the other bestperforming sectors in Hong Kongdomiciled funds for the year ending July 30.

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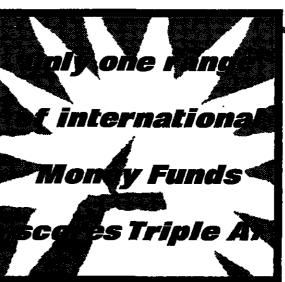
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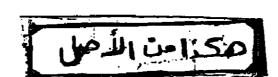
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In First Statement On Father's Death, Jordan Chides Media

New York Times Service

NEW YORK - In his first public statement since learning last week that his father had been shot to death. Michael Jordan expressed gratitude for an outpouring of pub-lic sympathy, but chided some speculating that the death might have been linked to his own wellpublicized gambling activities.

"Throughout this painful ordeal I never wavered from my conviction that Dad's death was a random act of violence," Jordan said in a statement issued Thursday through his lawyer in Washington. "Thus I was deeply disturbed by the early reports speculating that there was a sinister connection to Dad's death. I was outraged when this speculation continued even after the arrests of the alleged murderers."

According to murder charges that have been filed against two men in Robeson County, North Carolina, Michael's 56-year-old father, James P. Jordan, was shot to death during a robbery at about 3:30 A.M. on July 23 after he had stopped for a nap at a rest area near Lumberton, North Carolina, He had been driving home to Charlotte after a funeral in Wilmington.

The body was discovered in a South Carolina creek on Aug. 3 and cremated two days later, after an autopsy. He was not identified until late last week, after authorities learned that a car, found stripped near Favetteville, North Carolina, belonged to the elder Jordan.

In his statement, Michael Jordan, who had delivered the eulogy at a private funeral Sunday, expressed appreciation for the efforts of law officers, while acknowledging "lingering concerns about the handling of Dad's body."

Fortunately, the investigation has identified the apparent perpetrators of this heinous act, and their forthcoming trials will ultimately establish their culpability and mete out their punishments," he said.

Jordan devoted four of six paragraphs in the statement to the news media. "During this tragic ordeal, the vast majority of the media re-ports approached the situation with dignity, sensitivity and respect for human decency," he said. "Unfortunately, a few engaged in baseless speculation and sensationalism. These few should cause us all to pause and examine our consciences and our basic human val-

Jordan, who mentioned no news outlets by name, concluded with a tribute to his father: "My dad taught me to carry my-

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self with love and respect for all. The wisdom of his principles will help me rise above any thoughtless insensitivity and unfounded speculation. With the help of God's strength. I will find the inner peace to carry on in Dad's way."

Jordan's statement was issued one day after the parents of one of the murder suspects. Larry Martin Demery, 18, made their first public comment since their son's arrest.

By Robert McG. Thomas me," said Virginia Demery. "I never hurt so much in all my life, When realized the seriousness of the situation, I went to pieces."

According to the Robeson County Sheriff, Hubert Stone, Demery had an extensive juvenile record. which is sealed. According to court records, beginning exactly two months after he turned to in August 1991. Demery had been arrested six times on a total of 14 charges as an adult before his arrest in the

The most serious of the previous charges was assault with a deadly weapon with the intent to kill or cause serious injury. According to the police in Pembroke, North Carolina. Demery smashed Wilma Dial over the head with a cinder block, fracturing her skull, during a robbery of her convenience store in

In their interview on Wednes-day, the Demerys described their son's friend, Daniel Andre Green, who has also been charged in the Jordan case, as a respectful youth who never gave them any prob-

According to Stone, Green, 100, had an extensive criminal record. He was paroled two months ago and had been in jail since shortly before his 16th birthday, when, in what the police have described as a wrestling match gone awry, he took an axe and cleaved open the skull of his friend. Robert Ellison.



The Cubs' Mark Grace tumbled into the dugout but hung on to Moises Alou's foul ball for the out.

Baseball: Last Pennant Race Has Begun

By George Vecsey New York Times Service

T AKE a look around you. Watch the Yankees battling the Orioles in the Stadium. Listen for the knowing rumble of the fans when "1" is posted on the scoreboard from the Red Sox-Blue Javs game in Fenway. This is a pen-nant race. This is the last one.

Take a good look. There are people who wished they had taken one last look at Ebbets Field or Pennsylvania Station or the American buffalo

berds. 10 Vantage them to Point

fore the money people tore them down or drove

Take a good look at the four teams scram bling for exactly one place in the championship rounds. Winners only. Losers go home. This is the last time. Mediocrity arrives in

We are observers of the last burrah of that unique baseball institution known as the pen-

Baseball probably doesn't deserve this, but the lucky dogs have gotten themselves a fourteam race in the eastern division that will be hard to unscramble. Only one of these teams is going to the American League Championship

"I like it the way it is; either you win the division or you go home," said Jimmy Key, the Yankee left-hander who had it both ways with Toronto, and accepted the consequences.

Bobby Thomson sent the Brooklyn Dodgets home for the winter. Bucky Dent put the Red Sox out of their misers. No wild cards. No alsorans. No back-door champions. That all ends after this stampede.

Next year, baseball is getting itself gussied up for a date with the golden goose. Some of us had major problems when paseball went to four divisions in 1969, but at least you still had to win your race.

Next year there will be eight teams in the playoffs. Will they still hold the "World Series" or will it be "the finals?"

The owners will meet in Boston on Sept. 8 to 9 to determine just how this will be done. Six division winners in two leagues with two wildcard teams? Four division winners and the runner-ups in each division? Four division winners plus the next two teams in each

"To me, it's almost unhealthy to play for "To me, it's aimost that Gibson, the person-second place," said Paul Gibson, the person-"privilege" to be with the Yankees in a real

He was with Detroit teams that faded in 1988 and 1991; he accepted it as part of the game. But the game is changing.

The discerning reader will surely detect a hefty dollop of sentimentality herein, but the reader will also note that I am refraining from condemning the new order. This is because in a moment of weakness last spring I decided that the National Basketball Association playoffs were hot stuff.

I mean, same people were debating whether Shaquille O'Neai and the Oriando Magic could upset Patrick Ewing and the Knicks in an abbreviated first round. No. 1 vs. No. 8, if only the Magic could qualify.

These are the about things you think about when you are confined in stuffy arenas in the

springtime, watching tall men lope up and down the court.

Suffering from oxygen deprivation, I came down on the side of playoffs. I'm stuck with that position. But a lot of good people are still defending the lost cause. "Bob Costas says to me. 'How dare you tinker with the game?' " admits Bud Selig, the owner of the Milwaukee Brewers, who has been

running baseball since the owners forced Fay Vincent out last September. Selig has been criticized for worse things than adulterating the post-season. This one he can

I put myself in the category of traditional-

ist." Selig said the other day. "People say, "Bud, you used to say, "over my dead body" about playoffs, but now you're on the other Well, we can't continue to do what we Selig points out that eight qualifiers among 28 baseball teams is a lower rate than basket-

ball, football and hockey. And he recalls the excitement of watching the Green Bay Packers rying to cop the last wild-card spot in the playoffs. He suspects that traditionalists in Mil-waukee would not mind watching the Brewers try to sneak into the last spot for the baseball On the other hand, are we ready for a

manager resting his pitching staff in the last week of the season because he's already got a playoff spot sewed up? Basketball plays all season for one extra home game. This is the

So take out your remote-control channelchanger. Keep one eye on the scoreboard. There are four teams fighting for one spot. We may never see this again.

Braves End 9-Game Streak By Losing, 7-5, to Dodgers

The Associated Press If the Atlanta Braves intend to catch the San Francisco Giants, they can't afford to lose too many

more like this one. Atlanta's nine-game winning streak ended Thursday night as Tom Glavine allowed four runs in the first immig of a 7-5 loss to the Los Angeles Dodgers in Atlanta. Still the Braves came back with a run in the ninth and had runners on econd and third with one out before Jim Gott shut them down.

"It was frustrating for me personally, because I didn't give the guys a chance to win," Glavine said after Atlanta dropped 7½ games behind first-place San Francisco in the National League West. "If I had done my job for a couple of innings, we might have won." Ron Gant, Fred McGriff and

David Justice singled off Gott in the ninth, scoring one run. Terry Pendleton sacrificed, Damon Berryhill struck out and Mark Lemke was intentionally walked, loading the bases. Javier Lopez grounded out to third base on the first pitch, giving Gott his 23d save. There'll be some people out

there saying the pennant race is over." Glavine said. "I don't think you can put that kind of pressure on yourself. We don't feel as gh you have to win every single

Threat' to Kill

Cal Ripken Jr.

The Associated Press

A 14-year-old girl sent a com-

puter message to her boy-friend and added a death threat against the baseball star Cal Ripken Jr. as a joke. The police didn't find it funny.

The girl sent the message

over a nationwide computer

network to her boylriend in

New Jersey. The threat against the Baltimore Orioles short-

stop was meant to needle her

boytriend, who idolizes Rip-

ken, said Joe Race, police chief

of Medina, a suburb of Scattle.

this week to play the Mariners.

Officials of the computer

petwork in New York read the

lice. Two police officers were assigned to guard Ripken dur-ing Monday night's game, and

a third accompanied him back

After a 16-hour stakeout,

police saw the 14-year-old ar-

rive home with her 28-year-old

sister. Her parents were on va-cation, Race said.

The girl acknowledged hav-

ing sent the message and was

very embarrassed and apolo-

getic." Race said. No criminal charges will be

By the time her sister got

done chewing her out, that was

enough," Race said.

to his hotel.

The Orioles were in Seattle

MEDINA, Washington -

been 40 in his previous seven fly that snapped an eighth-time

Kevin Gross allowed three runs and eight hits in 5% innings.
"I don't think this one game will finish thesi," Eric Karros said. "They had won nine in a row. You eventually have to lose one."

Giants 6, Pirates 3: Willie McGee and Todd Benzinger ho-mered, and Bryan Hickerson pitched five-hit ball over seven-

NL ROUNDUP

plus innings for visiting San Fran-cisco, winning for the first time since July 21. Pittsburgh's Bob Walk lost for the fifth time in six starts, allowing live runs and four hits in just three

innings. Rod Beck got three outs for his 37th save as the Giants won for the seventh time in nine games. Rockies 6, Phillies 5: Freddie Benavides hit a go-ahead, three-run homer off Roger Mason (4-9) as Colorado raffied from a 5-1 deficit in the eighth inning at Mile High Stadium in Denver.

Marcus Moore pitched two innings, allowing an eighth-imming sacrifice fly to Milt Thompson, and Darren Holmes pitched a perfect

in the first off Glavine, who had Whiten hit a bases-loaded sacrifice tie and St. Louis swept a firegame series and sent visiting San Diego to its fifth consecutive loss.

Mike Perez pitched a perfect eighth and Lee Smith finished to lead the major leagues, with his 41st save. The Cardinals are eight games behind the Phillies in the National League East.

Astros 8, Marlins 3: Kevin Bass homered, doubled twice and drive in five runs as Houston completed a three game sweep over the ving Florida.

Mark Portugal reached 12 victories for the first time in his career vinning his sixth straight decis He gave up three runs and eigh hits in 5 23 innings.

Charlie Hough was tagged for five runs and seven hits in three innings as Florida lost its feurth

Expes 10; Cubs 2: In Chicago,
Jeff Fassero pitched a six-hitter for
the first complete game of his career, striking out nine and walking three. Montreal scored six un-

carned runs in the seventh inning. Darrin Fletcher, who had just three hits in his 38 previous at hats. hit his sixth home run this season in a three-run fourth off Frank Cas-

As Pitchers Surge, Royals Roll, 4-2 Sparks an Alert

Four or five runs a game — that's what Kansas City's manager, Hal McRae, figures his team needs to win the American League West race with its suddenly resurgent

pitching rotation.

They have been getting their quota lately with 19 runs in their last four games.
"We've been scoring runs, so we

feel good as a team. Everyone's carrying their load," McRae said after the Royals beat the Minnesota Twins, 4-2, Thursday in Minneapolis behind David Cone's seven natout innings.
The fourth victory in a row for

the Royals gave them their first sweep in Minnesota since 1981 and brought them within two games of When we pitch well down the

stretch, we're never out of a ball game," McRae said. "You're not going to be blown out. And we play good defense, so we're not going to give the game away. It's a matter of us scoring four or five runs a night."

The way the Royals have been pitching lately, they may not even need that many. They have allowed just two runs in each of their last three games and have a 2.78 ERA in their last nine.

"Cone was overpowering," said the Twins manager. Tom Kelly. "He throws five or six pitches and from different angles. He is tough to hit when he comes in sidenm with a slider or fastball."

Cone, the major-league leader in strikeouts the past three seasons,

struck out a season-high LL allowed three hits and two walks. While the Royals aren't big home run hitters, they've been benefiting from the long ball lately. They homered in their sixth straight game as George Brett and Indians 5, Red Sox 1: In Boston, Julian Tavarez, just one month out

AL ROUNDUP

of Class A, pitched seven strong innings, setting after an RBI dou-ble in the second and allowing two

hits in the next five innings. Boston, just one game out of first place last Friday, now is in third place, five games behind AL East leader Toronto. The Red Sox lost

Angels 5, Brewers 4: Luis Polomia scored on a wild pitch by Graeme Lloyd in the 12th and Tim Salmon homered in his fourth consecutive game as California defeated visiting Milwaukee. Kevin Seitzer's leadoff home run

in the top of the minth put Milwain-kee ahead, 4-3, but the Angels tied it in the bottom half on pinch-hitter. Stan Javier's RBI single. California ended its three-game losing streat and sent the Brewers to their fourth straight loss.

Lloyd gave up a leadoff single to Javier in the 12th and Polonia bunted into a force play. Chad Curtis followed with a hit-and-run sin gle and the winning run scored when Lloyd bounced a 2-2 pitch to Salmon past catcher Dave Nilsson.

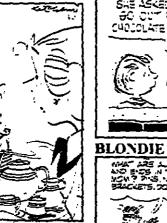
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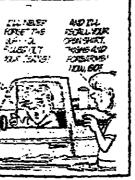












CALVIN AND HOBBES







WIZARD of ID







REX MORGAN

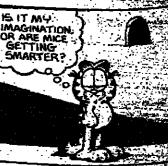






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SIDELINE 2 Share Lea

AC Milan to Conton Mar

SPORTS ATHLETICS

A Joint Opinion From 'Streamlined Runners' of China

By Ian Thomsen

STUTTGART — "All three such idealism? The former Soviets medal winners from China want to are now running for smaller states state that this is their joint opinion mable to pay them or care for them, about the final," the press statement read.

These rune new decisic 1000000 us or STUTTGART — "All three such idealism? The former Soviets mable to pay them or care for them, much less possible them with the highest sports state. What does all the statements of the statements of the statement of th

A short time later they were seated behind a long table to give the World Championship 3,000 meters Monday, their opponents had. heard them grunting amongst each other, like an American football team calling signals at the line of scrimmage. There was talk that structures they had been responding to hand signals of their coaches. Over the last two laps they had simply run through the leader, Yvonne Murray of Britain, and away.

For a few moments none of the 100 journalists knew what to ask them. Finally someone said, "How many doping controls have you had this year?"

It was one hell of a greeting for three women celebrating their first championship. But they did not ap-pear put off. Perhaps all champions are mistrusted by the West? In translation they said three tests had been administered — by the Inter-national Amateur Athletics Federation, the International Olympic Committee and their national feder-

More questions were blurted from suspicions that the Chinese women, who won eight of 19 gold medals at the World Junior Championships last year, are being raised by coaches from the former East Germany, and that they avoided maning the European circuit this year to avoid drug testing. The Chi-nese deny employing such cosches, and they claim to test for drugs. The truth can be found only in a laboratory after more surprise test-ing visits by the IAAF, whose officers hold visas to China.

This line getting us nowhere, someone tried another one: "Do any of you have a husband or a boyfriend here at the competition in Stuttgart?" It was getting to be

in Sintigart? It was gaining to be amadered inside the car, across the like a bad cocktail party.

Wandered inside the car, across the The women, all under 20, dashboard and fine carpeting and laughed. Their interpreter said, the fresh leathery smell of capitalism "All three medalists have just now — and she hopped out fast, it was as the corp. off All three medalists have just now —and she hopped out fast. It was as o constant boyfriend."

They were being introduced as She could not have endured it for no constant boyfriend."

ed runners, missionaries of - more than eight seconds.

Devers, Powell and O'Brien Power to Victory STUTTGART -- Gail Devers of the United States added the world



Dan O'Brien, throwing the javelin, held off a challenge from Eduard Hamalainen for decathlon gold.

not of a national hero like Yunxia Ou, winner of the 3,000 meters. She "has no driving licease," the press statement read, "and will give her Mexcedes-Benz to her father." Twigg Breaks Cycling Record "The was led then, a bouquet of the some." Twigg Breaks Cycling Record

HAMAR, Norway — Rebecca Twigg of the United States won her fifth world 3,000-meter pursuit title on Friday in a world record time of three minutes, 37.347 econds. 11 years after her first success.

Twigg, the Olympic bronze medalist in her come-back season last year, chased Marion Clignet of France around the 250-meter wooden track to beat her by nearly two-tenths of a second.

After nearly three years out of competition, the computer expert from Seattle returned in October 1991, and less than a year later was on the Olympic podium, which she had last mounted in 1984 as the silver medalist in the Los Angeles Games road race.

Clignet, 29, is American-born and has the unusual distinction of being a national champion in the United States States and France on road and track.

The previous record, 3:38.190, was set by Jeannie Longo-Ciprelli of France in October 1989 at altitude in Mexico.

The bronze medal also went to the United States, with Jamie Eickhoff taking it as the fastest losing semi-

Twigg who returns to college in the autumn to study for a masters' degree said: "I was surprised to get the record. I did not think I could go that fast.

Australia set a world record of 4:03.840 in the 4.000neter team pursuit final. They improved by almost two seconds the old record of 4:05.507, set by a Russian quartet 15 days ago in Moscow.

Australia took revenge for their Olympic defeat when they beat Germany in a world record time of four minutes, 03.840 to win the 4,000-meter team

Watched by King Harald of Norway, they cut 1.6 decathlon high hurdles of 13.57 sec-conds from the 15-day-old record set by Russians onds. His other bests were in the Roman Sapyrkin, Nikolai Kuznetsov, Alexsei Biakov

and Igor Soloviev in Moscow.

100-meter hurdles title to her 100meter-sprint gold medal at the World Athletics Championships on Friday, and Mike Powell, the world record holder, retained his title by soaring 8.59 meters to win the gold

medal in the men's long jump.

In the decathlon, Dan O'Brien of the United States, the world record holder, won the gold medal but needed all of his experience to fend off a fierce challenge. The defending champion, who held a slim four-point lead overnight after the first five events of the decathlon, came off best in a fascinating battle with Eduard Hamalainen of Belarus, who had a remarkable second day of four personal bests.

Devers clocked 12.46 seconds in the women's 100-meter hurdles, ahead of Marina Azyabina of Rus-sia, who clocked 12.60. Another American, Lynda Tolbert, was third in 12.67. Devers is the first woman to win both the 100-meter sprint and high hurdles in a global championship since Fanny Blankers-Koen of the Netherlands at the 1948 Olympics.

Devers, who crashed into the fi-nal barrier at last year's Barcelona Olympics with the gold medal in sight was determined to avoid any repetition on Friday. Running inside Azyabina, she moved swiftly across the flights with her short, choppy stride and the Russian was clearly feeling the strain well before

Powell, the Olympic silver med-alist who set the world record of 8.95 meters to win the 1991 world title in Tokyo, fouled on his first jump Friday. But he followed with five jumps over 8 meters, taking the lead with his second effort of 8.16. He was already comfortably in the lead after his fifth jump of 8.43. His last, and longest, leap only con-

firmed the victory. Stanislav Tarasenko of Russia clinched the silver medal with a leap of 8.16, just edging Vitali Kiri-lenko of Ukraine, who took the bronze with a personal best of 8.15.

The 27-year-old O'Brien, who missed the Barcelona Olympics last year after a disastrous performance at the U.S. trials, successfully defended his title with a total of 8,817

Hamalainen, fifth after the first five events, placed second, 93 points behind at 8,724, and Paul Meier of Germany was third at 8,548.

O'Brien was forced to raise his level of competition after Hamalainen recorded four personal bests, including the fastest time ever in a discus, pole vault and javelin.

The outcome was not decided un-It was clear from the first event it was not enough.

Jackson Sets Mark In 110 Hurdles

STUTTGART - Aiming to disprove American claims that he was a "choker," Colin Jackson of Britain won the World Championship 110-meter hurdles Friday night in a world-record 12.91 seconds It was one one-hundredth of a second better than the 1989 mark of the American Roger Kingdom and the second British world record in two nights here, following Sally Gunnell's effort in the 400-meter hurdles Thursday. Add it to 33-year-old Linford Christie's stunning 9.87-second victory in the 100 meters Sunday, and this week has undone the English scars from a summer of bad cricket and its soccer

Questions about his heart had come from Tony Dees of the United States (who was last in 14.13 seconds, by the way), resulting from the 26-year-old Jackson's unhappy record. At these 1991 championships, a pulled back muscle suffered during warmups forced his withdrawal; at Barcelona last summer, he was seventh with a rib injury.

"There are so many championships these days, I had to be healthy for one of them," Jackson joked. Landing awkwardly out of the last hurdle, assured of beating countryman Tony Jarrett (second in 13.00) and Jack Pierce of the U.S. (third in 13.06), Jackson staggered fast across the finish line, agog at his image on the giant TV screen and thrusting a triumphant finger.

No sooner had Jackson cleared off than another Briton, John

Regis, was believing with 50 meters to go that he would win the 200 neters. Carl Lewis was on his right shoulder and on the left was Frank Fredericks of Namibia, eventual champion in an African record 19.85 seconds, best in the world this year. Lewis was third in 19.99 seconds, equaling his best this year. Limited by a February car accident, Lewis added only a bronze this week to his World Championship cache of eight golds and a silver.

"I knew that Frank runs the last 30 meters better than anyone ! know," said Regis, who was second with a British record 19.94 seconds. "By the time I knew he was ahead of me, he had his hands up and he was world champion."

Educated at Brigham Young University in Utah, and the first black African to win a major sprint, Fredericks expressed hope that Namibians would not "treat me like a God."

"Kids should look at what I've achieved and not try to be Frankie Fredericks," he said. "I stress that education is the key, because if I hadn't had education I couldn't have gone to the States. We need education more than athletics, anyway."

-IAN THOMSEN

on the second day that Hamalainen would provide the opposition to O'Brien, especially as Meier, second overnight, is not so strong in the second five disciplines.

The Belarus athlete's brilliant 13.57 in the 110 hurdles was followed by another personal best in the discus of 49.26 meters.

O'Brien ran a smooth hurdles race of 14.08 seconds and threw 47.92 in the discus. But he knew he could not allow Hamalainen to outperform him by much in the pole vault and javelin if he was to hold off his challenge. O'Brien equaled his personal best in a decathion of

5.20 meters in the pole vault. Although Hamalainen managed 10 centimeters more with another personal best, the American held

an 87-point lead after eight events. Hamalainen secured his fourth personal best with 61.88 meters in Aithen and Stuart O'Grady, were in the Australian quartet, all aged between 20 and 22.

Billy Joe Shearshy and Tim O'Shannessy were the other two riders and their coach, Charlie Walsh, said:

"We knew they could do it so long as they did not crack under the research the lines as O'Brien's 62.56 in his second to the discussion of the lines as O'Brien's 62.56 in his second the line is o'Brien's 62.56 in his second the line is o'Brien's 62.56 in his second the discussion of the research under the research in the last event, the 1,500-meter the javelin, but it was not as good tested positive for steroids and ha

"The pole vault was the key event," O'Brien said. "I had to do 5.20. I knew I could do 8,800 points. Overall I was very consistent.

In Friday morning events, the Olympic and world champion Has-siba Boulmerka of Algeria quali-fied for the women's 1,500-meter final by winning her semifinal heat in 4:13.13. Also advancing were Dong Liu of China, who had the best time (4:04.36), and Ireland's Sonia O'Sullivan in 4:05.81.

In the men's shot put, two-time defending champion Werner Gunthor of Switzerland, Olympic champion Mike Stulce of the United States and American world record-holder Randy Barnes were among the qualifiers.

■ Medalist Disqualified

Dmitriy Polyunin of Uzbekistan, the bronze medalist in the javelin,

bronze medal.

U.S. Amateur Team Wins Golf's Walker Cup, 19-5

EDINA, Minnesota — The United States, with five golfers going unbeaten, won the Walker Cup, 19-5, its higgest victory over the Cup and now has a record 18 Pritish-Irish team in 32 years.

The United States leads the amateur series to 30-3-1. The 14-point winless Thursday, when Raymond a winless Thursday, when Raymond and the prostage in the birm.

tenr series to 30-3-1. The 14-point table land margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday, when Raymond margin was the greatest in the bien-winless. Thursday when Raymond was the greatest in the bien-winless. Thursday when Raymond was the greatest in the bien-winless. Thursday when Raymond was the greatest in the bien-winless. Thursday when Raymond was the greatest in the bien-winless that the greatest in the greatest in the bien-winless that the greatest in the greatest i ing 15 tournaments.
The U.S. team was 4-0 in four-

victory, 15 holes to win in four somes and 14 to win his final singies match. He was 5-mder-par for 14 holes in mining 5 and 4 over Matt Stanford.

ron, John Harris and Todd Demsey. Another U.S. player to go unbeaten son team bogeyed the final hole.

attempt to corner the favorite,

There was talk last week that the

to four times the car's \$30,000 yalue.

But Chinese officials assure that

such fees will not be deprended -

out of the news conference and into the driver's side of her father's new

car. With one hand on the wheel, she

smiled for pictures. Then her gaze

after 17, but Burns parred No. 18 somes matches and 8-1-1 in singles while Bergano, missed a five-foot matches at Interlachen Country (1.5-meter) put to take bogey.

Chuh. The visitors were in command of Torogto

both parred No. 18.

In another dutch finish, Herron and Harris needed the 18th hole to Seems City source a 1-up victory in foursomes over Raymond Russell and Dean Online States. Robertson. The teams were tied af-States were Allen Doyle, Tim-Her-ter 17 holes but the Americans

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SIDELINES

2 Share Lead in English Open Golf MERIDEN, England (AP)—José Maria Canizares of Spain and Tony

Johnstone of Zimbabwe shot a 6-under-par 66 for a share of the first-

round lead in the English Open.
They led Steven Richardson and Isn Garbutt of England by one stroke. Thursday's Line Scores at the Forest of Arden course. Sam Torrance, seeking to solidify his place on Furope's Ryder Cup team, could only manage a 78 after bruising his chest in a sleepwalking accident. He pulled out of the tournament on

• In Castle Rock, Colorado, Steve Pate's empted for three birdies and n. Casue Rock, Coursoo, Steve rate 3 campion for three bitters and heagle over the final six holes for the first-round lead in The International. He finished with 14 points under the modified Stableford system, one point ahead of Brad Faxon and Mark O'Meara.

AC Milan to Trim Player Bonuses

MILAN (Reuter) - AC Milan, the Italian soccer champion, annotinced Friday that it was alashing borns payments to players by around

40 percent.

The club will pay a bonus of 300 million live (\$188,000) per man if
Milan returns the Italian title this season. That healthy sum is down 40
percent from the 500 million received for their success last June.

Connors May Enter U.S. Open Yet NEW YORK (AP)—One day after it was reported he will not play in the U.S. Open this month, liming Connors may have pulled off his latest

"Jimmy has a wild card," Gloria Comors, his mother, said Thursday.
"He has until next Wednesday to make up his mind."
The five-time U.S. Open champion is in Hinois, preparing for next week's Big Bear Champions tournament, the first competition on a new circuit for seniors. Comors, who will turn 41 on Sept. 2, will use the tournament to decide whether he is ready for the Open.

For the Record

Brian Midles of the New York Islanders, who suffered a mild stroke on Ang. 11, will have to modergo minor heart surgery next month and will

miss the hockey season.

International Management Group, a sports marketing and promotion specialist that runs the Wimbledon termis tournament, has purchased the Detroit Grand Prix for 52 million.

(AP

Justin Leonard, the reigning U.S. another singles match, with Padraig Amateur champion, was one of five Harrington leading Brian Gay by U.S. players to finish 3-0 in the five holes with seven to play. But two-day tournament. He needed Gay talked to the match after 17, just 15 holes to clinch Wednesday's and the two settled for a draw after

scored par and the Russell-Robert-

delphilo. Dvicstro (15), Incovigitis (21). Colorado, Benovicies (2).

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Fostetro and D.Fletchert F.F.Contillo. Bosidie

(5), Scanion (7), Myers (9) and Loize, W.—Festero, 8-3, L.—F.Contillo. 5-8, HR2—Macrirool, Ready (1), D.Fletcher (6),

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Houston, Acutino (4), R.Rodriguez (6), Turner

(8) and Sontiago, Notal (8); Portugal, Edmis

(6), X.Hernondez (7), D.Jonez (9) and Servols, W.—Portugal, 12-4, L.—Hough, 7-13, HR3—Houston, Finley (4), Connintil (11), Boss (3),

Las Angeles 417 189 689—7 11 1

Altante 289 188 811—5 14 7

K.e.Gross, Dool (6), P.J.Martinez (7), Gott (2) and Perzon. C.Lernandez (2); Glovine, Freeman (3), Howell (5), Wohlers (7), Bedresion (9) and Berryhlli, W.—Ka.Gross, 2-11, L.—Glovine, 14-5.5—Gott (23), HR.—Los Angeles, E.Davis (13).

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ATHLETICS

4TH IAAF WORLD CHAMPIONSHIPS in Stutigent WOMEN'S 108-METER HURDLES FINAL 1, Geil Devers, United States, 12-46 seconds 2, Marina Azyubha, Russia, 12-60 3, Lynda Tolberi, United States, 12-67 4, Alluska Lupez, Cubo, 12-73 5, Eva Soloniava, Russia, 12-78

(7),
Philadelphia: 602 209 818—5 12 1
Colorado 889 100 83x—5 11 9
Ds. Jackson, Andersen (8), West (8), Mason
(8) and Doulhou; Bladry, Wayne 15), Mason
(7),
Holmes (9) and Sheaffer, W—Moore, 2-0.
L—Mason, 4-9, 5v—Hormes (15), HR2—Philodelphia, Cyristra (15), Incarvisita (21), Calorado, Benarvices (2).

4TH IAAF WORLD CHAMPIONSHIPS

5. Eva Sokolova, Russia, 1278
6. Down Bowles, United States, 1290
7. Michelle Freemon, Jornaice, 1290
8. Cecile Cineiu, France, 1295
MEN'S 118-METER HURDLES FINAL
1, Colin Jackson, Great Britain, Warld Record 1291 sec.
2. Tony Jorrett, Great Britain, 13,00
3. Jack Pierce, U.S., 13,06
4. Emilio Valle, Outo,13,20
5. Fiorian Schwarthoff, Germany, 13,27
6. Ison Kazanow, Letvia, 13,38

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7. Distrinar Koszewski, Germany, 13.60 B. Anthony Dees, U.S., 14.13 MEN'S 200-METER FINAL 1, Front Fredericks, Namiblo, 19,55 sec 2, John Regis, Great Britain, NR 19,94 3, Carl Lewis, U.S., 19,99 A. Michael March, 115, 20,78 4. Michael Marsh, U.S., 20.18 5. Deen Canabianca, Australia, 20.18 6. Jean-Charles Trouabal, France, 20.20 7. Emmanuel Tuttour, Ghona, 20.49

ilen Marsh, Australia, 20.56 MEN'S LONG JUMP FINAL I. Mike Powell, U.S., 8.57 mele 2. Stuntsiov Torosenko, Russia, 8.16 2. Vitoliv Kirlienko, Ukraine, 8.15 4. Erick Walder, U.S., 8.05 5. Junula 444-4-4

TRANSACTIONS

BASEBALL CALIFORNIA—Signed Jos Magrane, pitcher, for the rest of season. Deflored John Farreil, pitcher, to Vancouver, PCL. Released Jerome Walton, outfleider, from Vancouver, CLEVELAND—Sought Contry Maldonado, outfleider, from Chicago Cubs for Glenallen SMI perfective, from Chicago Cubs for Glenallen SMI perfective from Chicago Cubs for Glenallen SMI perfective from Chica

fill, cutfielder.

Notificat League
COLORADO—Optioned Pedro Castellano.
first boseman and Jim Tatum, shortstee, to
Colorado Sprines, PCL
BASKETBALL

Mational Baskethail Association
DENVER—Traded Todd Lichtl, guard; An-thany Cook, forward; and a 1974 second-round druft pick to Oriando Mosic for Brian Wil-

HOUSTON-Colvin Murphy has relained

terback.
CHICAGO—Released Scott Bonnel, place-kicker; Allice DeHaag, tackle; Tim Paulk and Rico Mack, linebackers; and Greg Zomalt,

KICO MALES M

detensive and.

NEW ORLEANS—Released Fernando Evors and Tre Everett, wide receivers.

N.Y.GIANTS—Agreed to terms with Jumbo Etiloit, offensive tockle.

N.Y.JETS—Walved Kerry Henderson, running back: Resule Reddins, guard: and Shawn Williams, tinebacker.

PMILADELPHIA—Signed Mork Duper, wide receiver. to I-vare controot, Cloimed

Inemon. SAN FRANCISCO—Walved Gregg Rakoczy, center,
SEATTLE—Agreed to 4-year contract extension through 1998 with Cortez Kennedy,
defensive tockle.
TAMPA BAY—Wolved Tracy Bennett, ptocakticker.
WASHINGTON—Agreed to 1-year contract

METRO CONFERENCE—Extended con-

PITTSBURGH—Mike O'Brien, director of development for difficition, resigned to become athletic director of Lamor.

PRINCETON—Homed Todd Murphy and Chip Plante assistant baseball cooches.

PURDUE—Suspended John Boyd, wide receiver, for a games for arrest in June for drunken driving. LA. CLIPPERS—Named Johnny Davis and Dave Wohl assistant coaches. FOOTBALL National Football League NFL ENTERPRISES—Named Ran Ber-

drunken driving,
RUTGERS—Nomed Jeti House men's asskstant baskefball coach, Denise Wescott,
warnen's locrosse coach, resigned,
ST. ANSELM—Nomed Denis O'Nell men's

and women's cross-country coach, and Det nis Jenes women's assistant social cach.
ST. FRANCIS. PA.—Named Sherri Fultor
women's assistant basketball cocci. ST. LAWRENCE-Named Mark F

SOUTHERN COLORADO-Named Keith SOUTHERN COLORADO—Nomed Kelth Hatten assistant soccer coach, SOUTHERN ILLINOIS—Named Joseph Simmore assistant football coach. SUSQUEHANNA—Named Jodi Bell wormen's focrosse coach and Bill Switala women's voilleyball coach. TARLETON STATE—Named Lonnie Mc-Million men's and women's track and field and crass country coach and Josen Hosten men's and women's transic coach and men's assistant basketball coach.

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Four Simple Words

Malmost over, so today Uncle \$154,789.62. Dave has a special back-to-school "pep talk" for you young people, starting with these heartfelt words of encouragement: HA HA HA YOU HAVE TO GO BACK TO YOU HAVE TO GO BACK TO antville High School, where I stud-SCHOOL AND UNCLE DAVE ied math under Mr. Solin. DOESN'T.

Seriously, young people, I have some important back-to-school advice for you, and I can boil it down to four simple words: "Study your

I say this in light of a recent alarming Associated Press story stating that three out of every four high school students - nearly 50 percent -- leave school without an adequate understanding of matheanequate understanding of mathematics. Frankly, I am not surprised. "How." I am constantly sking myself, "can we expect today's young people to understand mathematics when so many of them CAN'T EVEN POINT THEIR RASERALI CARE IN THEIR BASEBALL CAPS IN THE RIGHT DIRECTION?"

I constantly see young people with the bills of their baseball caps pointing BACKWARD. This makes no sense, young people! If you examine your cap, you will note it has a piece sticking out the front, called a "bill." The purpose of the bill is to keep sun off your face, which, unless your parents did a great many drugs in the '60s lask them about it!), is located on the FRONT of your head. Wearing your cap backward is like wearing sunglasses on the back of your head, or wearing a hearing aid in your nose.

But also we need to think about getting these math scores up. A shocking number of you voung people are unable to solve even basic math problems, such as the

A customer walks into a fastfood restaurant, orders two hamburgers costing 52 apiece, then hands you a 55 bill. How much change should you give him?

c. None, because the question doesn't say you WORK there. You could just take the money and run

The correct answer, of course, is that you should give the customer: d. Whatever the computerized

I was fortunate enough to receive an excellent mathematical foundation as a member of the Class of 196.5 Billion Years Ago at Pleas-

Although the subject matter was dry, he was able to keep the class's attention riveted on him from the moment the bell rang until the moment, several minutes later, when a girls' gym class walked past the windows, every single day, causing the heads of us male students to rotate 90 mathematical degrees in unison, like elves in a motorized

You young people deserve to have the same advantages, which is why I was so pleased to note in the Associated Press story that some university professors have received a \$6 million tederal grant to develop new ways to teach high school math. The professors know this will be a challenge. One of them says: "There is a mentality in this country that mathematics is something a few nerds out there do and if you don't understand mathematics, it's O. K. - you don't need it."

This is a bad mentality, young people. There's nothing "nerdy" about mathematics. Contrary to their image as a bunch of out-of-it. huge-butted, "Far Side" professor dweebs, today's top mathematicians are in fact a group of exciting, dynamic and glamorous individuals who are working to solve some of the most fascinating problems facing the human race today ("Let's see, at \$2.98 apiece, with S6 million federal grant, we could buy . . . WHOA! THAT'S 2013,422.82 POCKET PROTEC

So come on, young people! Get in on the action! Work hard in math this year, and remember this: If some muscle-bound Neanderthal bullies corner you in the bathroom and call you a "nerd," you just look them straight in the eye and say, "Oh YEAH? Why don't you big jerks . . . LET GO! HEY! DON'T PUT MY HEAD IN THE TOILET! HEY!" And tell them that goes double for your Uncle

Knight-Ridder Newspapers

Merging Hard-Bop and Celtic Traditions

International Herald Tribune

M ONTREAL — Tena Palmer wrote "Kiss and Bed-time Story," a country song about incest in a small Nova Scotia community like the one in which she grew up. Nova Scotis community like the one in which sale giew up, for Chelsea Bridge, the jazz quartet she sings with.

Jazz songs are usually about the moon in June. She doesn't mind singing "Body and Soul." Those songs will never die. But if you're going to do something new, you might as well talk about what's really going on. She's not interested in escape.

The song's story comes from real life, things that happen in small, inbred communities. She has also written one about the death of the fishing industry along the Nova Scotia coast. She compares these songs to Willie Nelson singing about Midwest people losing their farms, but smiles a sly smile and tosses her short blonde hair with energetic punctuation: "They're not exactly country and western. The way we play this stuff, it kicks like Sonny

Rollins playing Tennessee Waltz.

It is a rare and wonderful thing when the most deserving entry wins a contest, as Chelsea Bridge won the Du Maurier prize for Canadian bands deserving wider recog-nition during this summer's Montreal Festival. They have issued one CD, "Blues on a Sharp Sea" (Unity). Before Montreal, the band toured Edmonton, Caigary and Van-couver. You forget that there are many good Canadian bands, so near and yet so far, working such remote places. Of course "remote" is relative. News does not travel fast about gigs in the middle of what the power structure considers the middle of nowhere, and, in any case, a

Canadian prize does not mean much below the border. Palmer tosses her hair again, as though to shake up the ideas underneath it: "Canadians who manage to cross the border, America kind of embraces them and says they're ours.' It's tough being Canadian and taking our thing to them. Our band hasn't really gone for it yet, but I'm told we are getting airplay on a radio station in Cincinnati for

Named after one of the most beautiful ballads Billy Strayhorn wrote for Duke Ellington, Chelsea Bridge consists of Rob Frayne on saxophone, bassist John Geggie. drummer Jean Martin and vocalist Paimer. Frayne plays with a spare hard edge reminiscent of his teacher Joe Lovano, and totally original phrasing and sound. We'll hear a lot more from him. The band features wide open spaces it is easy to imagine as being Canadian, both spacial and temporal, but most of all the music reflects their native country by a unique combination of hard-bop and Celtic traditions.

Nova Scotia is New Scotland, after all, and although she has an apartment in Montreal and travels a good deal of the time, Palmer still calls it home. The band, which is a year and a half old, has had a regional subsidized tour of the Eastern Provinces and Newfoundland, where they conducted clinics in schools and concerts in small halls. Palmer has been "pretty much living off grantage" this past year. With the help of the Quebec Arts Council and the Canada Council, she has been studying singing, piano. composition and saxophone ther first instrument) again. Composition is particularly important to her, she is writing songs for the band's second CD, to be financed by the prize they won. I asked her if all her lyrics were in English.

"Oui," she replied, with an embarrassed smile, and explained: "I'm having enough trouble in one language."
Palmer's voice, either scatting or singing lyrics, plays the



When Chelsea Bridge plays, says vocalist Palmer, "it kicks like Sonny Rollins playing Tennessee Waltz."

trumpet role. Scat singing is a dodgy affair, prone to cliche and self-parody, which she avoids by a combination of musicianship and taste. Her control is absolutely solid, her texture sharply rounded. While studying baritone saxophone at St. Francis Xavier University in Nova Scotia, joining the jazz choir "just for laughs," suddenly she found herself getting work as a singer and added singing to her formal studies. She gave up the horn and moved to Toronto to get serious about it.

Frayne contacted her there. Frayne had been introduced to the Celtic influence by jazz bagpiper Rufus Harley. Celtic reels and jigs have several things in common with

izzz." he says: "A steady groove, a rich, modal bass, and a structural repetition similar to the jazz song form."

In Montreal, they call Toronto "the Big Tomato" (it's not exactly the Big Apple, in other words). Palmer really liked it there in the 80s. She left because the work was drying up and returned to Montreal just as it was drying up there and coming back in Toronto. Go figure it out. Luck moves in strange ways. In any case, the band started

working.

Chelsea Bridge has a chemistry that is loose and organic, they sense what the others are going to play next. What camounts to is a matter of trust and commitment, this is not just something they are doing because they have nothing better to do at the moment.

Palmer's decision to go deeper into the Celtic/hard-bop marriage came while doing "late night kitchen hangs

said, assuming a good imitation of a Highlander accent.
"My mother speaks Gaelic, so I'm plugged into it, but it's
not like there's a real 'scene' there. I just like the folk context as a vehicle for storytelling.

"My grandfather was a goldminer in Loch Katerine.

playing pennywhistle with fiddle players" during a visit home. "There's a lot of Gaelic on Cape Breton island," she

and one song I wrote is about the 20,000 fishermen who lost their livelihoods there. Through a lot of bureaucratic mismanagement, the place is overfished. There are no more stocks. So these people have to be retrained or moved. Thousands of dollars invested in now useless boats, generations of a lifestyle, peaceful communities . . . gone. And these people have so much pride. What can they be retrained for? There's nothing else around. It

just breaks my heart."

For some reason a whole lot of jigs and reels are currently breaking into their repertoire. Palmer laughs:

"There's also been an influx of tangos. We have some Blue Note-type times too, with bop tenor and me singing the trumpet role in the front line. When Rob Frayne called me to join the band, he had this sound in his mind. I had never sung that far out before, all those bloodthirsty neobop solos. What was I, Dizzy Gillespie or something? It was kind of scary. But I learned to do that along with the rest and I'm still learning and we're getting somewhere. We're finding our own style, which involves a totally new kind of freedom. It's hard to handle sometimes but it sure is fun."

THIS WEEKEND AT THE BEACH

After Beach Escapade, Schiffer Seeks Cover

Claudia Schiffer, the German model, will seek 10 million Deutsche marks (\$5.9 million) in damages against three European magazines that published topless photographs of her on Majorca, said the German daily Bild.

In 1991, the New York Times critic John Russell visited the Ringling Museum of Art in Sarasota. Florida, and wrote a rave review The museum, founded by circus owner John Ringling, is. in a class of its own," Russell declared. The museum paid Russell's wife \$8,000 to deliver a lecture there two days before the story ran. The museum's usual speaking fee is \$500. Russell said he accompanied his wife, Rosamond Bernier, to Sarasota, and that it is not manual factor, and that it is not unusual for them to that it is not timistal for them we travel together when he is writing and she is lecturing. He said that Bernier, who for 20 years edited L'Oell, a Parisian art magazine, received her standard fee. Warren Hoge, who oversees cultural coverage at the Times, told The Washington Post that the paper had "absolutely no problem" with the situation. "John Russell is the most distinguished art critic there is, a Renaissance man of great integrity and character," he said. "Rosamond Bernier is recognized as one of the leading art lecturers in the world, and was that before she became Mrs. John Russell. The idea that one could influence the other is really absurd."

Family affairs. Kim Basinger, 39, and Alec. Baldwin, 35, finally tied the knot. Francesca Rath Fisher Eastwood was born to Cont. Eastwood, 63, and his girlfriend, Frances Fisher, 41. . . Anthony Quine, 78, has had a daughter with his former secretary. New York Post columnist Cindy Adams said Quinn's wife of 29 years is so angry she will not speak to or see her

Federico Fellini, the Italian film director, hospitalized since a stroké on Aug. 3, was transferred to a rehabilitation center to convalesce.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

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